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STATE OF NEW YORK

PUBLIC SERVICE COMMISSION

FOR THE FIRST DISTRICT

UNIFORM

SYSTEM OF ACCOUNTS

PRESCRIBED FOR

ELECTRICAL CORPORATIONS

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1908

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At a session of the PUBLIC SERVICE COMMISSION for the First District, State of New York, held at its office, 154 Nassau Street, in the City of New York, on the 8th day of December, 1908.

PRESENT:

WILLIAM R. WILLCOX,
WILLIAM MCCARROLL,
EDWARD M. BASSETT,
MILO R. MALTBIE,
JOHN E. EUSTIS,
Commissioners.

The Public Service Commission for the First District, being authorized by Section 66 of the Public Service Commissions Law, to prescribe, whenever it deems advisable, uniform methods of keeping accounts for electrical corporations subject to its jurisdiction, and it appearing advisable at this time to establish a uniform system of accounts for all such electrical corporations, it is hereby

ORDERED: That, except as hereinafter provided:

1. On and after January 1, 1909, every electrical corporation shall keep upon its books the accounts prescribed or defined in the hereto annexed schedules, marked "Schedule A" and "Schedule B," so far as the said accounts are pertinent to the facts and circumstances of the said corporation.

2. No such electrical corporation shall hereafter charge to any account representing cost of property any discount or commission on securities issued by the said corporation, but shall charge all such discounts, commissions, and other expense connected with the issue of securities subsequent hereto, in accordance with the directions contained in the definitions of the account named Organization, and the account named Unamortized Debt Discount and Expense, in the said "Schedule A."

3. During the year beginning January 1, 1909, any said corporation may for purposes of comparison with prior years keep on its books any account pertaining to revenues, revenue deductions, income deductions, and appropriations (as defined in the said "Schedule B") which it had on its books during the year begun January 1, 1908; provided that on or before January 1, 1909, there be filed with the Public Service Commission a statement containing a list of the said accounts pertaining to the year begun January 1, 1908, and definitions of such accounts.

4. For purposes of improving the efficiency of administration and operation, any corporation may, unless or until otherwise ordered, keep upon its books any temporary or experimental accounts and any accounts covering particular divisions of its operations, provided that in respect of each such temporary, experimental, or divisional account, the said corporation shall file with the Public Service Commission, at least ten days in advance of the time when the said account is to be instituted, a statement showing the name of the said account, the date when it is to be instituted, the purpose for which it is to be kept, the period of time during which it is to be kept, and a clear and accurate definition of the classes of items and facts to be contained in the said account; and in case of a divisional account, the definition of the division covered. Upon compliance with the provisions of this paragraph, any account prescribed or defined in either said "Schedule A" or said "Schedule B" may be subdivided.

SCHEDULE A.

BALANCE SHEET OR INDICANT ACCOUNTS.

1. Electrical Corporations and Electric Operations defined.—Section 2 of the Public Service Commissions Law defines *electrical corporation* as follows:

§ 2. * * * The term "electrical corporation" * * * includes every corporation, company, association, joint stock association, partnership and person, their lessees, trustees or receivers appointed by any court whatsoever (other than a railroad or street railroad corporation generating electricity for its own use exclusively), owning, operating, managing or controlling any plant or property for generating and distributing, or generating and selling for distribution, or distributing electricity for light, heat or power or for the transmission of electric current for such purposes.

Electric operations, as the term is hereinafter used, include all acts and transactions directly connected with the operation of a plant for the production of electric energy, the transmission thereof and the supply thereof to consumers for light, heat, or power, and all operations incident thereto, including the collection of revenues therefor and the disposition of by-products produced in connection therewith.

2. Accounts to be kept by double-entry method.—All accounts kept by any corporation or person within the scope of the present order shall on and after January 1, 1909, be kept by the double-entry method.

NOTE.—This requirement is not intended to apply to purely statistical accounts.

CAPITAL ACCOUNTS.

3. Capital defined.—As the term is used herein, by *capital* of a corporation is meant all property devoted to the rendering of the services or the production of the commodities which are within the purposes of the corporation.

4. Fixed Capital defined.—Capital which has an expectation of life in service of more than one year (exception being made of hand and other small portable tools liable to be lost or stolen*) is called *fixed capital.*

5. Floating Capital defined.—Capital other than fixed capital is called *floating capital.*

6. General Capital and Departmental Capital defined.—Fixed capital is divisible into general capital and departmental capital, *general capital* being that which is indiscriminately available for the use of two or more classes of operations, while *departmental capital* is that assigned solely or principally to a single class of operations.

*Hand and other small portable tools liable to be lost or stolen shall, when first acquired and before issued for use, be carried in a suitable Materials and Supplies account; when issued they shall be charged to the appropriate expense account. Portable tools and apparatus of special value may, however, be charged to the appropriate tangible capital account, and remain therein so long as record is kept of the persons to whom such tools and apparatus are issued and such persons are made responsible therefor.

7. Landed Capital and Non-landed Capital defined.—Fixed capital is also divisible into landed capital and non-landed capital. *Landed capital* includes all interests in land (exclusive of improvements thereon) the term of which is more than one year. All other fixed capital is herein called *non-landed capital.*

8. Intangible and Tangible Capital distinguished.—Non-landed capital is divisible into intangible and tangible. *Intangible capital* comprises organization, franchises, patent-rights, and all other intangible property within the definition of fixed non-landed capital as above stated. *Tangible capital* comprises structures and equipment having an expectation of life in service of more than one year. Because of their liability to loss or theft, hand and other small portable tools are excepted from tangible capital, and the cost of such tools when issued is required to be treated as a part of the operating expenses.*

9. Further Classification of Capital.—Capital is also divisible into *original capital, additions, betterments,* and *renewals* and *replacements,* as defined below. Charges to capital accounts shall show these divisions as set forth in paragraph 21, *infra.*

10. Original Capital defined.—*Original Capital* is that put into service at the outset of an enterprise.

11. Additions defined.—*Additions* include additional structures, facilities, or equipment not taking the place of anything previously existing.

12. Betterments defined.—*Betterments* include the enlargement or improvement of existing structures, facilities, and equipment.

13. Renewals defined.—*Renewals* include all extensions of terms of years in land and tangible fixed capital, and all extensions of the life period of franchises and other intangible fixed capital.

14. Replacements defined.—*Replacements* include all substitutions for capital exhausted or become inadequate in service, the substitutes having substantially no greater capacity than the things for which they were substituted. When a substitute has a substantially greater capacity than that for which it is substituted, the cost of substitution of one of the same capacity as the thing replaced should be charged as a replacement, and the remaining portion of the cost of the actual substitute should be charged as a betterment.

15. Repairs defined.—When through wear and tear or through casualty it becomes necessary to replace some *part* of any structure, facility, or unit of equipment, and the *extent of such replacement does not amount to a substantial change of identity* in such structure, facility, or unit of equipment, the replacement of such part is to be considered a *repair,* and the cost of such repair is to be treated as an operating expense and must not be charged as a replacement in any capital account.

*Hand and other small portable tools liable to be lost or stolen shall, when first acquired and before issued for use, be carried in a suitable Materials and Supplies account; when issued they shall be charged to the appropriate expense account. Portable tools and apparatus of special value may, however, be charged to the appropriate tangible capital account, and remain therein so long as record is kept of the persons to whom such tools and apparatus are issued and such persons are made responsible therefor.

16. First entries must enable identification.—Throughout all capital accounts, the first entry in respect of any particular thing shall describe it with such particularity as to enable its identification, and shall give it a distinguishing name, number, or other designation by which it shall thereafter be designated in every entry in any capital account which in any way concerns it. In the case of continuous structures like railroad track, or electric line, or pipe line, such structures shall be itemized to the extent that no item shall contain more than one operating division or more than one type of construction, and the entry in relation to any item shall describe the size, weight, type, and other principal physical characteristics of the chief constituent parts, together with their spacing if discontinuous.

17. Costs of new capital to be actual money costs.—All charges made to capital or other accounts on or after January 1, 1909, shall be the actual money cost of the things in respect of which they are made. When the consideration actually given for the thing in respect of which a charge to a capital account is made is anything other than money, the actual consideration shall be described in the entry with sufficient fullness and particularity to identify it, and the amount charged shall be the actual money value of such consideration at the time of the transaction.

18. Discounts upon securities not to be charged to capital accounts.—Discounts upon securities and other commercial paper issued in payment for capital are to be provided for in other accounts and must in no case be charged to the capital accounts.

19. Costs of labor, materials, and supplies.—Cost of *labor* (employed in construction) includes not only wages, salaries, and fees paid employees, but also such personal expenses of employees as are borne by the corporation. Cost of *material and supplies* consumed in construction is the cost at the places where they enter into construction, including cost of transportation and inspection when specifically assignable. If such materials and supplies are passed through storehouses, their cost entered in the account may include a suitable proportion of store expense.

20. Withdrawals or retirements.—When anything is withdrawn or retired from service, the amount at which such thing stood charged in the capital account shall be credited to the capital account in which it stood charged at the time of withdrawal, and the entry of such credit shall cite by name and page of book or other record the original entry of cost of the thing withdrawn. If there is no such original entry, that fact shall be stated in connection with the credit entry, and the actual amount originally charged shall be credited. If such amount is not known, it shall be estimated, the facts upon which the estimate is based shall be shown, and the amount thus estimated to be the original charge in respect of such thing withdrawn shall be credited.

21. Particulars required to be shown in entries.—Every charge made to a capital account on or after January 1, 1909, shall show whether the thing in respect of which the charge is made is original capital, or an addition, a betterment, a renewal, or a replacement. If the thing is a betterment, the entry shall designate the thing enlarged or improved and shall cite by name and page of book or other record the original entry of cost of such thing enlarged or improved. If the thing to which any charge hereafter made re-

lates is a renewal or a replacement, the entry made in respect thereof shall designate the thing renewed or replaced and shall cite by name and page of book or other record the original entry or entries of cost of such thing renewed or replaced. If there is no entry in the accounts of the corporation showing the cost (to the corporation) of the thing bettered, renewed, or replaced, that fact shall be stated in the entry describing the betterment, renewal, or replacement, and the original cost of such thing to the corporation shall be stated. Such cost shall be estimated if not known, and when estimated the basis of such estimation shall be shown.

22. Betterments involving partial destruction of thing bettered.—If any betterment involves the partial destruction or partial reconstruction of the thing bettered, only such portion of the cost of the change shall be charged as a betterment as will when added to the original cost (estimated if not known) of the thing bettered give the cost of reconstruction or replacement of the thing as bettered, and the remainder of the cost of the change (account being taken of any salvage) shall be charged to the appropriate repair account.

E. g., a building, original cost unknown but estimated to be $15,000, is bettered by the construction of an elevator shaft, and its stairways are modified so as to be fireproof; the actual expenditure for these changes is $3,000; the estimated cost of replacement of the building (as modified) with one equally serviceable and with an equal expectation of life is $16,000; the charge to capital account as a betterment should be $1,000, and the remainder ($2,000) of the expenditure should be charged to the appropriate repairs account.

23. Plant and equipment and other capital purchased.—When any fixed capital in the form of a going or completed plant is purchased, an appraisal of such capital so acquired shall be made, and the different constituent elements of the plant (and equipment, if any) or other capital acquired shall be appraised at their structural value; that is to say, at the estimated cost of replacement or reproduction less deterioration to the then existing condition through wear and tear, obsolescence, and inadequacy. If the actual money value of the consideration given for the plant or other capital was at the time of the acquisition in excess of such appraised value, the excess shall be charged to the account "Other Intangible Electric Capital," and the appraised values of the constituent elements shall be charged to the appropriate accounts as designated in the following definitions of accounts for fixed capital. If the actual money value of the consideration given was not in excess of such appraised value, such actual money value shall be distributed through the said accounts in proportion to the said appraised value of the constituent elements appropriate to the respective accounts. Full report of the contract of acquisition, the consideration given therefor, the determination of the actual money value of such consideration, the appraisal, and the amounts charged to the respective accounts for each plant or other such fixed capital purchased, will be required to be made to the Public Service Commission, and the purchaser will be required to procure in connection with the acquisition of any such plant or other fixed capital all existing records, memoranda, and accounts in the possession or control of the grantor relating to the construction and improvement of such plant, and to preserve such records, memoranda, and accounts until authorized by law to destroy or otherwise dispose of them.

24. Definitions of Fixed Capital accounts.—In the following definitions of accounts the letters and numbers prefixed to the titles are inserted solely for convenience of reference and are no part of the titles or of the definitions:

E100. FIXED CAPITAL, DECEMBER 31, 1908.

Charge to this account all the Fixed Capital of the accounting person or corporation devoted to electric operations as such capital stood at the close of December 31, 1908. Such charges shall be made at the figures at which such capital was carried on the books of the said person or corporation on that date. When any capital included in such account is retired from service, the amount at which it is charged therein shall be credited to this account; the amount of depreciation or other amortization thereon applicable to the period subsequent to December 31, 1908, shall be charged to account No. 374, "Accrued Amortization of Capital," proper account shall be taken of any salvage, and the remainder of the amount originally charged to capital shall be concurrently charged to the Corporate Surplus or Deficit account (or equivalent account carried on the books on December 31, 1908), unless there was carried on the books at that date a reserve to cover retirement of capital from service, in which case the said concurrent charge shall be made to such retirement reserve account. If the amount at which the said capital in service on December 31, 1908, and subsequently retired from service, was included in the said account is not disclosed on the books and records of the accounting person or corporation and is not within the knowledge of such person or corporation or officers or other employees thereof, it shall be estimated, and such estimated amount shall be treated as is above directed for the actual amount, the fact of estimation being stated in the entry.

NOTE.—Corporations will be required to carry as sub-accounts of the account "Fixed Capital, December 31, 1908," the several accounts on their books on that date which are combined to make up the said account, and to furnish information concerning such sub-accounts in their annual reports.

The following capital accounts are prescribed for transactions subsequent to December 31, 1908:

E110. LAND DEVOTED TO ELECTRIC OPERATIONS.

Charge to this account the cost of the accounting corporation's landed capital which is devoted to electric operations as hereinbefore defined. This includes land occupied by generating stations and their appurtenances, rights of way for transmission and distribution lines and other electric operations; also those for canal and pipe lines, water rights, and rights of pondage, flowage, and submersion, where such rights have lives in excess of one year from the date when such land is placed in service. Such cost includes, *when assumed or paid by the purchaser in its own behalf,* cost of registration of title, cost of examination of title, conveyancer's and notary's fees, purchasing agent's commissions or fees, or proportion of purchasing agent's salary, taxes accrued to date of transfer of title, and all liens upon the title acquired; also costs of obtaining consents and payments for abutting damages.

NOTE A.—Cost of buildings and other improvements must not be included in this account.

NOTE B.—If at the time of acquisition of an interest in lands it extends to buildings or other improvements thereon, which improvements are devoted by the corporation to its electric operations, and the contract of acquisition does not determine the price of such improvements, they shall be appraised at their fair cash value for use in such operations, and such appraised value shall be charged

to the appropriate structures account, and excluded from the account "Land Devoted to Electric Operations". If such improvements are not devoted to electric operations but are devoted to other operations or held as investments, the cost (or appraised value if the cost is not determined in the contract of acquisition) shall be charged to the appropriate investment account or capital account for other operations. If the improvements are removed or wrecked, the salvage (less the cost of removal or wreckage) shall be excluded from the account "Land Devoted to Electric Operations". The entries in this account must be made in such wise as to enable the corporation to show in its annual report to the Public Service Commission the subdivision of the cost of its land devoted to electric operations into the following:

Land Occupied by Generating Stations.
Land Occupied by Outside Sub-stations.
Water Rights.
Other Land Devoted to Electric Operations.

101. ORGANIZATION.

Charge to this account all fees paid to governments for the privilege of incorporation, and all office and other expenditure incident to organizing the corporation or other enterprise and putting it in readiness to do business. This includes cost of preparing and distributing prospectuses, cost of soliciting subscriptions for stock (but not for loans nor for the purchase of bonds or other evidence of indebtedness), cash fees paid to promoters, and the actual cash value at the time of organization of securities paid to promoters for their services in organizing the enterprise, counsel fees, cost of preparing and issuing certificates of stock, and cost of procuring certificates of necessity from state authorities, and other like costs. Like costs incident to preparing and filing certificates of authorization of increase of capital stock, and to the negotiation and issue of stock thereunder, shall be classed as additions. Cost of preparing and filing certificates of amendment of articles of incorporation shall be classed as a betterment. Cost of preparing and filing papers in connection with the extension of the term of incorporation or with reincorporation consequent upon reorganization shall be classed as a renewal. This account shall not include any discounts upon stocks or other securities issued, nor shall it include any costs incident to negotiating loans or selling bonds or other evidence of indebtedness.

E102. FRANCHISES (ELECTRIC).

To this account shall be charged "the amount (exclusive of any tax or annual charge) actually paid to the State or to a political subdivision thereof as the consideration for the grant of such franchise or right" (section 69 of the Public Service Commissions Law) as is necessary to the conduct of the corporation's electric operations. If any such franchise is acquired by mesne assignment, the charge to this account in respect thereof must not exceed the amount actually paid therefor by the corporation to its assignor, nor shall it exceed the amount specified in the statute above quoted. Any excess of the amount actually paid by the corporation over the amount specified in the statute shall be charged to the account "Other Intangible Electric Capital". If any such franchise has a life of *not more than one year after the date when it is placed in service,* it shall not be charged to this account but to the appropriate accounts in "Operating Expenses," and in "Prepayments" if extending beyond the fiscal year.

Payments made to the State or to some subdivision thereof as a consideration for granting an extension for more than one year of the life period of a franchise shall be classed as renewals. Those made as a consideration for

franchises or extensions thereof covering additional territory to be operated as a part of an existing system shall be classed as betterments. If the franchises cover separate and distinct new enterprises, the payments therefor shall be classed as original.

NOTE.—Annual or more frequent payments in respect of franchises must not be charged to this account but to the appropriate tax or operating expense account.

E103. PATENT-RIGHTS (ELECTRIC).

Charge to this account the cost of all rights (having a life of more than one year from the date when placed in service) acquired by the corporation in or under valid patents granted by the United States to inventors for inventions and discoveries which are necessary to the economical conduct of the corporation's electric operations. If any such right is extended to cover a further period of time than that covered by the original grant, the cost of such extension shall be classed as a renewal. A patent-right acquired for use in an existing system and necessary to the economical operation thereof shall be classed as an addition.

E104. OTHER INTANGIBLE ELECTRIC CAPITAL.

Charge to this account the cost of all other property coming within the definition of intangible capital and devoted to electric operations. All entries of charges to this account shall describe the acquired property with sufficient particularity clearly to identify it, and shall also show specifically the principal from whom acquired and all agents representing such principal in the transaction; also the term of life of such property, estimated if not known, and, if estimated, the facts upon which the estimate is based.

E121. GENERAL STRUCTURES.

Charge to this account the cost of all buildings and other structures of a permanent character devoted to general corporate purposes, not restricted to electric operations and not includible in any of the departmental accounts; also of all fixtures permanently attached thereto and made a part thereof, such as water pipes and fixtures, steam pipes and fixtures for warming and ventilating, gas pipes and fixtures for lighting, etc., electric wiring and fixtures for lighting, signaling, etc.; elevators, etc., and the engines and motors specially provided for operating them; furnaces, boilers, etc., specially provided for producing steam for such engines and for heating, electric generators specially provided for producing current for lighting such buildings, etc. This account includes such piers and other foundations for machinery and apparatus as are designed to be as permanent as the buildings in (or in connection with) which they are constructed, and to outlast the first machinery or apparatus mounted thereon.

NOTE A.—Among such buildings may be mentioned general office buildings, general shop buildings, general storehouses, general stable buildings, etc. Where general offices, shops, storehouses, stables, etc., are in buildings includible in a departmental account, as *e. g.*, in a power station building, no part of the cost of such building shall be charged to this account. This account is provided for structures of a general or miscellaneous character not assignable to any particular department.

NOTE B.—When furnaces and boilers are used primarily for furnishing steam for some particular department and only incidentally for furnishing steam for heating a general building and operating the equipment therein, the entire cost of such furnaces and boilers shall be charged to the appropriate departmental capital account, and no part to the account "General Structures".

E122. General Equipment.

Charge to this account the cost of all equipment of general structures, as provided under the following heads:

a. *General Office Equipment:* This includes the cost of all equipment of general offices, such as desks, chairs, tables, movable safes, filing cases, drafting room equipment, and other like office appliances and equipment; also engineering instruments.

b. *General Shop Equipment:* This includes the cost of all equipment specially provided for general shops, such as furnaces, boilers, gas producers, engines, electric generators, and other power apparatus used in operating machinery in such shops; machine tools, cranes, hoists, shafting, belts, and the like shop equipment; also such smithing equipment in general shops as is used principally for other general purposes than shoeing horses and repairing vehicles.

NOTE.—Hand and other small portable tools liable to be lost or stolen shall not be included herein, but portable tools and apparatus of special value may be charged to this account and remain herein so long as record is kept of the persons to whom such tools and apparatus are issued and such persons are made responsible therefor.

c. *General Store Equipment:* This includes the cost of all equipment of general store structures, such as movable counters, movable shelving and other movable equipment of like nature, carts, barrows, trucks, etc., and other apparatus and appliances used in handling materials and supplies.

NOTE.—Counters, shelving and the like which are permanently attached to the structure shall be charged to account No. E121, "General Structures," and not to this account.

d. *General Stable Equipment:* This includes the cost of all equipment of general stables, including horses, harness, drays, wagons, automobiles and other vehicles, equipment of shoeing shops, harness repair shops, vehicle repair shops, etc.

E131. Dams, Canals, and Pipe Lines.

Charge to this account the cost of all dams, canals, aqueducts, and pipe lines devoted to the utilization of water power and the delivery of the water to the headgate of the turbine or water-wheel; also that of all wasteways from the outlet of the draft-tube to the point of final discharge. This includes all gates, valves, and other accessories of such dams; also wasteways, sluices, forebays, grids, walls, fences, etc., for the protection of such canals and pipe lines, and all trestles and other supporting structures; also all viaducts, bridges, foot-bridges, etc., over and accessory to or necessitated by such canals, aqueducts, and pipe lines.

E132. Power Plant Buildings.

Charge to this account the cost of material used and labor expended in erecting buildings to be used for housing power generating plants. This account includes cost of excavations, permanent foundations, drainage, gas and water pipes and connections, grading grounds, and furniture and fixtures when permanently attached to and made a part of the building; also the cost of architects' plans, and of superintendence of construction.

NOTE.—The cost of specially provided foundations, not expected to outlast the machinery or apparatus mounted thereon, should be charged to the same account as is the cost of the machinery or apparatus for which they are provided.

E141a. FURNACES, BOILERS, AND ACCESSORIES.

Charge to this account the cost of all furnaces, boilers, and boiler apparatus and accessories devoted to the production of steam for use in generating electric energy. This includes boilers and valves thereto attached, appurtenant furnaces and grates, and flues leading to smokestacks and chimneys, and the specially provided foundations and settings of such boilers and appurtenances; also iron smokestacks. It also includes mechanical stokers and other like apparatus for regulating the supply of fuel, etc., feed and hot water heaters and economizers, injectors, filters, feed pumps, blower engines, coal conveyors, ash conveyors, water pipes, steam traps, drains, and separators, and pipes for conducting steam from the boiler to the engine or to the gas producers, exhaust pipes, etc. It does not include steam pipes whose primary purpose is the heating of buildings.

E141b. STEAM ENGINES.

Charge to this account the cost of all steam engines devoted to the production of electric energy. This includes the specially provided foundations and settings of such engines. The engine, whether reciprocating or rotary (such as steam turbines), shall be considered to include the throttle or inlet valve and the governor; also condensers, air and circulating pumps, lubricating systems, etc., but not the steam pipe leading from the boiler, nor the exhaust pipe. Where the electric rotor is mounted on the engine shaft, the shaft shall be considered a part of the steam engine and the electric rotor thereon shall be considered a part of the electric equipment.

E142. TURBINES AND WATER-WHEELS.

Charge to this account the cost of all turbines and water-wheels devoted to the conversion of water power into mechanical power for the production of electric energy. This includes the specially provided foundations and settings of such engines, also their governors and all other appurtenant apparatus attached thereto from and inclusive of the headgates and governors to (but exclusive of) the wasteway. Where the electric rotor is mounted on (not merely coupled to) the shaft of the hydraulic engine, the shaft shall be considered a part of the hydraulic engine and the electric rotor thereon shall be considered a part of the electric equipment.

E143a. GAS PRODUCERS AND ACCESSORIES.

Charge to this account the cost of producers and accessories devoted to the production of gas for the purpose of operating electric generators, including the cost of specially provided foundations and settings for such producers and accessories. This account includes producers, economizers, regenerators, vaporizers, steam injectors, scrubbers, exhauster outfits, seals, specially provided boilers and pumps, flues and piping, blower engines, pipes for the conduction of gas from such producers to holders and to gas engines, holders for producer gas, exhaust pipes from gas engines, etc. It does not include pipes whose primary purpose is the warming of buildings; nor does it include power transmission apparatus, or water pipes, steam pipes, water pumps, or inspirators.

E143b. GAS ENGINES.

Charge to this account the cost of all gas engines devoted to the production of electric energy, including the specially provided foundations and settings of such engines. The engine includes the inlet valve, governor, and ignition and starting apparatus, but not the pipe leading from the gas holder,

nor the exhaust pipe. Where the electric rotor is mounted on the engine shaft, the shaft shall be considered a part of the engine and the electric rotor thereon shall be considered a part of the electric equipment.

E144a. ELECTRIC GENERATORS.

Charge to this account the cost of all electric generating apparatus driven by engines operated by steam, water, or gas; and rotaries and motor generating sets, exciters, etc., when not installed in connection with transmission systems. This includes the specially provided foundations and settings of such apparatus. Where the electric rotor of such apparatus is mounted on the shaft of the steam, hydraulic, or gas engine, the rotor is to be included herein, but not the shaft. Belts, countershafts, and other like intermediaries between such engines and the generators are also to be excluded herefrom.

NOTE.—Regarding transmission and distribution, see the note to account No. E163, "Transmission System". (See page 15.)

E144b. ACCESSORY ELECTRIC POWER EQUIPMENT.

Charge to this account the cost of all electric equipment of generating stations not includible in the last foregoing account. This account includes bus-bars, regulators, station switchboards and equipment, such as circuit-breakers, switches, ammeters, voltmeters, wattmeters, and the like, and their foundations and settings; also headgate motors, pump motors, air compressor motors, etc., and special high-tension transmission equipment at power stations, such as high-tension bus-bars, high-tension switchboards, high-tension switches, high-tension current transformers, high-tension lightning arresters, high-tension potential transformers, high-tension reactive coils, high-tension choke coils, high-tension grounding devices and resistances, high-tension raising and lowering transformers, etc.

E145. MISCELLANEOUS POWER PLANT EQUIPMENT.

Charge to this account the cost of all miscellaneous equipment at power plants which is not includible in any of the foregoing accounts. This includes such mechanical apparatus as belts, pulleys, hangers, countershafts, and other apparatus intermediary between the prime mover and the electric generator, cranes, hoists, etc., and machine tools and such other tools at power plants as are proper to be capitalized, etc.

NOTE.—This account should not include any sub-station equipment.

E151. SUB-STATION BUILDINGS.

Charge to this account the cost of material used and labor expended in erecting buildings to be used for power sub-station purposes, including excavations, permanent foundations, drainage, gas and water pipes and connections, grading grounds, and furniture and fixtures when permanently attached to and made a part of the building; also the cost of architects' plans, and of superintendence of construction.

NOTE.—No charge should be made to this account in respect of a power plant building, even though such building also contains sub-station apparatus.

E152. SUB-STATION EQUIPMENT.

Charge to this account the cost of all equipment of sub-stations. Such equipment includes not only electric machinery and apparatus, including storage batteries, in sub-stations, but also all other furniture and equipment, such as furnaces, boilers, stoves, elevators, etc., permanently assigned to such stations but not affixed to the structures thereof. It does not include laboratory instruments and apparatus not permanently assigned thereto, nor does it include tools only temporarily assigned to such stations.

E161. POLES AND FIXTURES.

Charge to this account the cost of towers, structures, poles, cross-arms, and insulator pins; braces, brackets, and other pole fixtures; guys and other supports for holding the towers, structures, and poles in position; and all labor expended in connection with the construction of pole lines or structures for carrying the transmission and distribution systems.

E162. UNDERGROUND CONDUITS.

Charge to this account the cost of conduits required for underground wires and cables, including manholes, ducts and pipes, sewer connections, sewer traps, and all material necessary for the completion of the underground conduit system devoted to the protection of the transmission and distribution systems.

E163. TRANSMISSION SYSTEM.

Charge to this account the cost of the transmission system, including cables, wires, insulators, and insulating material.

NOTE.—When the electric current generated (or received from another corporation) is conducted, either at the voltage of generation (or receipt) or at a higher voltage, to a point where it is (a) lowered in voltage by means of stepdown transformers, or changed as to kind or frequency by means of (b) motor generator sets, (c) rotary converters, or (d) frequency changers, that portion of the outside line or conductor system antecedent to the said stepdown transformers, motor generator sets, rotary converters, or frequency changers, shall be classed as the Transmission System; *except,* however, that primary wiring in lighting systems at not to exceed 4,400 volts, 4-wire, 3-phase, shall be classed as a part of the Distribution System. Tie-lines between generating stations and sub-stations shall follow the same rule. Line transformers are not included among the "stepdown transformers" above mentioned.

E164. DISTRIBUTION SYSTEM.

Charge to this account the cost of all distribution main conductors and feeders, including the cost (in place) of all cables, wires, insulators, and insulating material.

This account shall be subdivided so as to show separately the following:

a. *Overhead Distribution System;*

b. *Edison Tube System,* including the cost in place of all the Edison tube system material, such as junction boxes, tubing material and conductors, coupling boxes, etc.;

c. *Other Underground Distribution System.*

NOTE A.—The amounts charged to the subdivisions above stated will be required to be separately reported in the annual reports of the corporation to the Public Service Commission.

NOTE B.—For the distinction between the transmission system and the distribution system, see the note to account No. E163, "Transmission System".

E165. LINE TRANSFORMERS AND DEVICES.

Charge to this account the cost of all line transformers (both overhead and underground), pole line lightning arresters, transformer cut-out boxes, line cut-out switches, etc., in the distribution system.

NOTE.—Upon filing with the Public Service Commission a notice thereof, the accounting corporation may also include in this account the cost of line transformers and devices *temporarily* withdrawn from service.

E166. ELECTRIC SERVICES.

Charge to this account the cost of all conductors (and appurtenant insulation, ducts, and supports) connecting the distribution mains with electric apparatus and appliances in the possession of consumers.

NOTE.—Cost of renewing or modifying services shall not be charged to this account.

E167a. ELECTRIC METERS.

Charge to this account the cost of meters used in determining the amount of electric energy delivered to the several consumers to whom it is supplied.

NOTE A.—Cost of setting, removing, or re-setting such meters shall not be charged to this account.

NOTE B.—Upon filing with the Public Service Commission a notice thereof, the accounting corporation may also include in this account the cost of consumers' meters *temporarily* withdrawn from service.

E167b. ELECTRIC METER INSTALLATION.

Charge to this account the cost of the first setting of meters for determining the amount of electric energy delivered upon the premises of consumers, *in case it is the policy of the corporation to capitalize the cost of such setting.*

NOTE A.—Cost of removing such meters and of setting other meters substituted for them shall not be charged to this account but to account No. E533, "Setting and Removing Meters and Transformers". (See page 41.)

NOTE B.—This account must not include at any time the cost of installation of a greater number of consumers' meters than are actually in service.

E171. MUNICIPAL STREET LIGHTING SYSTEM (ELECTRIC).

Charge to this account the cost (in place) of all property of the company in poles, cross-arms, pins, braces, insulators, etc., arc circuits, lamps, and outfits and suspensions specially provided for the municipal street lighting system. Such cost includes cost of material, transportation, setting poles, etc., and restoring the surface of the street to the condition required by the municipality. This account does not include any part of the general distribution system, but only things in the utilization plant beyond the service and devoted to the municipal service.

NOTE A.—Where the municipality requires for its special benefit the extension of mains and services for street lighting, such extensions may, so long as used solely for street lighting, be charged to this account, provided a full description of the extensions so charged and the amounts charged in respect thereof be filed with the Public Service Commission on or before the date when the entry thereof is made upon the books of the corporation.

NOTE B.—If the corporation uses in its street lighting system the same type of arc lamps that it uses in its commercial lighting system, and uses them interchangeably, it will be permitted, upon filing with the Public Service Commission a notice thereof, to charge the cost of all arc lamps in its street lighting system to account No. E172, "Commercial Arc Lamps".

E172. COMMERCIAL ARC LAMPS.

Charge to this account the cost of all property of the company in commercial arc lamps supplied to consumers (including municipal buildings) where such lamps have an expectancy of life in service of more than one year.

NOTE A.—Meters supplied to consumers are provided for in a foregoing account and should not be included herein.

NOTE B.—Upon filing with the Public Service Commission a notice thereof, the accounting corporation may also include in this account the cost of arc lamps *temporarily* withdrawn from service.

E173. GLOWER LAMPS.

Charge to this account the cost of all property of the company in electric glower lamps supplied to consumers (including municipal buildings) where such lamps have an expectancy of life in service of more than one year.

NOTE A.—Meters supplied to consumers are provided for in a foregoing account and should not be included herein.

NOTE B.—This account is restricted to long-life incandescent, or glower lamps such as the Nernst, and does not include the ordinary carbon filament incandescent lamps. Short-life incandescent lamps (*i. e.*, those having an expectancy

of life of not more than one year) shall be charged to the appropriate operating expense account when issued for use, and prior to that time they shall be carried in the appropriate "Materials and Supplies" account.

NOTE C.—Upon filing with the Public Service Commission a notice thereof, the accounting corporation may also include in this account the cost of long-life incandescent lamps *temporarily* withdrawn from service.

E174. ELECTRIC MOTORS AND HEATERS.

Charge to this account the cost of all property of the company in electric motors and heaters leased to consumers (including municipalities), and of all appurtenances thereof, such as fans, etc.

NOTE.—Upon filing with the Public Service Commission a notice thereof, the accounting corporation may also include in this account the cost of electric motors and heaters *temporarily* withdrawn from service.

E175. ELECTRIC TOOLS AND IMPLEMENTS.

Charge to this account the cost of all tools and implements coming within the scope of the definition (see note page 5) of electric fixed capital and not covered by any of the foregoing equipment accounts.

E176. ELECTRIC LABORATORY EQUIPMENT.

Charge to this account the cost of all testing apparatus and laboratory equipment not elsewhere provided for.

NOTE.—This account includes all electric testing apparatus and equipment in laboratories. It does not include such instruments as are permanently assigned to generating stations, sub-stations, and the like, such as station ammeters, voltmeters, and wattmeters, etc.

E177. OTHER TANGIBLE ELECTRIC CAPITAL.

Charge to this account the cost of all tangible electric capital not elsewhere provided for.

E281. ENGINEERING AND SUPERINTENDENCE.

Charge to this account all expenditures for services of engineers, draftsmen, and superintendents employed on preliminary and construction work, and all expenses incident to the work, when such disbursements can not be assigned to specific construction.

NOTE.—When employees enumerated above are engaged in work not chargeable to construction, their pay and expenses shall be charged to the specific work on which engaged.

E282. LAW EXPENDITURES DURING CONSTRUCTION.

Charge to this account general expenditures of the following nature, incurred in connection with the construction of an electric plant, namely: the pay and expenses of all counsel, solicitors, and attorneys, their clerks and attendants, and expenses of their offices; printing briefs, legal forms, testimony, reports, etc.; payments to arbitrators for the settlement of disputed questions; costs of suit and payments of special fees, notarial fees, and witness fees; and expenses connected with taking depositions; also all legal and court expenses.

When any of the expenditures above enumerated can be charged directly to the account for which incurred, they shall be so charged and not to this account. Expenditures in connection with the acquisition of the right of way or other land shall be charged to account No. E110, "Land Devoted to Electric Operations". Law expenditures in connection with the organization of the corporation shall be charged to account No. 101, "Organization".

E283. INJURIES DURING CONSTRUCTION.

Charge to this account all expenditures incident to injuries to persons when caused directly in connection with construction of electric plant and equip-

ment; proportion of salaries and expenses of physicians and surgeons; nursing and hospital attendance, medical and surgical supplies, artificial limbs, railroad and carriage fares for conveying injured persons and attendants; funeral expenses (including payments to undertakers); proportion of pay and expenses of claim adjusters and their clerks, and pay and expenses of employees and others called in consultation in relation to the adjustment of claims coming under this head; also witness fees and amount of final judgments.

E284. TAXES DURING CONSTRUCTION.

Charge to this account all taxes and assessments levied and paid on property belonging to the corporation while under construction and before the plant is opened for commercial operation, except special taxes assessed for street and other improvements, such as grading, sewering, curbing, guttering, paving, sidewalks, etc., which shall be charged to the account to which the property benefited is charged.

E285. INTEREST DURING CONSTRUCTION.

Charge to this account the interest accrued upon all moneys (and credits available upon demand) acquired for use in connection with the construction and equipment of the property from the time of such acquisition until the construction is ready for use. Interest receivable accrued upon such moneys and credits shall be credited to this account. To this account shall also be credited discounts realized through prompt payment of bills for materials and supplies used in construction unless such discounts are credited to the particular bills.

E286. MISCELLANEOUS CONSTRUCTION EXPENDITURES.

Charge to this account the salaries and expenses of executive and general officers of an electric plant under construction; clerks in general offices engaged on construction accounts or work; rent and repair of general offices when rented, with the office expenses; insurance during construction; also all construction and equipment items of a special and incidental nature which can not properly be charged to any other account in this classification.

NOTE A.—This account may include a suitable proportion of store expenses when such expenses are not assignable to specific materials.

NOTE B.—This account shall not include any costs of organization, or any costs or discounts connected with the issue and disposal of stocks, funded debt, or other securities, and commercial paper.

O110. LAND IN OTHER DEPARTMENTS.

Charge to this account the cost of the corporation's interests in land (exclusive of improvements thereon) devoted to operations other than electric operations, gas operations, railroad operations, and street railroad operations.* Such cost includes, *when assumed or when paid by the purchaser in its own behalf,* cost of registration of title, cost of examination of title, conveyancer's and notary's fees, purchasing agent's commissions or fees, or proportion of purchasing agent's salary, taxes accrued to date of transfer of title, and all liens upon the title acquired. If at the time of acquisition of such interest

*NOTE.—GAS CAPITAL, RAILROAD CAPITAL, AND STREET RAILROAD CAPITAL.—For the accounts to which shall be charged the cost of capital devoted to gas operations, see the Uniform System of Accounts for Gas Corporations; for steam railroad operations, see the Uniform System of Accounts for Expenditures for Road and Equipment, etc., as established for Steam Railroad Corporations by the Public Service Commission; and for electric railroad and street railroad operations, see the Uniform System of Accounts for Street Railroad Corporations.

in lands it extends to buildings or other improvements thereon, which improvements are devoted by the corporation to operations other than the four classes above mentioned, and the contract of acquisition does not determine the price of such improvements, they shall be appraised at their fair cash value, and such appraised value shall be charged to the appropriate accounts and excluded from the account "Land in Other Departments". If such improvements are held as investments, the cost (or appraised value at time of acquisition of title if the cost to the corporation is not determined in the contract of acquisition) shall be charged to the appropriate investment account. If the improvements are removed or wrecked, the salvage (less the cost of removal or wreckage) shall be excluded from the account "Land in Other Departments".

O102. FRANCHISES IN OTHER DEPARTMENTS.

Charge to this account "the amount (exclusive of any tax or annual charge) actually paid to the State or to a political subdivision thereof as the consideration for the grant of such franchise or right" as is necessary to the conduct of the corporation's operations other than electric, gas, railroad, and street railroad.

O103. PATENT-RIGHTS IN OTHER DEPARTMENTS.

Charge to this account the cost of all rights (having a life of more than one year from the date when placed in service) acquired by the corporation in or under valid patents granted by the United States to inventors for inventions and discoveries which are necessary to the economical conduct of the corporation's operations other than electric, gas, railroad, and street railroad.

O104. OTHER INTANGIBLE CAPITAL IN OTHER DEPARTMENTS.

Charge to this account the cost of all property of the corporation coming within the definition of intangible capital devoted to its operations other than electric, gas, railroad, and street railroad, and not includible under any of the foregoing accounts.

O120. TANGIBLE CAPITAL IN OTHER DEPARTMENTS.

Charge to this account the cost of all property of the corporation coming within the definition of tangible capital devoted to its operations other than electric, gas, railroad, and street railroad.

25. Floating Capital divided into two groups.—Floating capital is divided into two great groups, of which the first is herein called *"Materials and Supplies,"* and the second, *"Current Assets"*.

26. Definitions of Floating Capital accounts—In the following definitions the letters and figures prefixed to the titles of the accounts are no part of the titles and are inserted merely for convenience of reference:

E10. MATERIALS AND SUPPLIES.

Charge to this account the cost (including transportation) of all materials and supplies acquired by the corporation, regardless of whether the same are intended to be consumed in construction or in operation, or later to be sold. Where discounts recovered through prompt payment are not credited to the particular bills, the cost at which such materials and supplies shall be charged shall be the invoice cost, and any discounts recovered through prompt payment of bills for such materials and supplies shall be credited to

account No. E285, "Interest During Construction," or to account No. E852, "Undistributed Adjustments—Balance," according as such materials and supplies are intended for construction or for operation.

The scrap value of things retired from service shall be charged to an appropriate sub-account in this account while such things remain the property of the corporation. If such scrap value is not known and can not readily be determined it shall be estimated, and errors in such estimates when determined shall be adjusted through the accounts involved if during the year in which the estimates were made; if later, then through the "Corporate Surplus or Deficit" account.

Inventories of materials and supplies shall be taken at least annually, and any shortages or overages disclosed by such inventories shall be credited or debited to this account and debited or credited to the operating expense account No. E852, "Undistributed Adjustments—Balance," in case they can not be assigned to specific accounts. Shortages may, however, be charged directly to "Corporate Surplus or Deficit". Where such materials and supplies have been used in construction, a suitable proportion of such shortages or overages may be debited or credited to account No. E286, "Miscellaneous Construction Expenditures".

NOTE.—It is not required that the transportation element of cost shall be assigned with a greater degree of accuracy than to the nearest cent per unit of material or supply. Where a single transportation item covers a multitude of things the portion of the expense not assigned to specific things should be charged to the same account that store expenses are charged to.

1. CASH.

Charge to this account all money coming into the possession of the corporation and in which the corporation has the beneficial interest. This includes coin of the United States, United States treasury notes, gold and silver certificates and green backs, and bank bills payable to bearer. Also charge to it all bank credits, checks and drafts receivable, subject to satisfaction or transfer upon demand (whether payable to bearer or to order). Credit this account with all cash disbursements of the corporation.

2. BILLS RECEIVABLE.

Charge to this account the cost of all bills receivable (except as below provided) which are the property of the corporation and upon which solvent concerns are liable or which are sufficiently secured to be considered good. This account includes demand notes, drafts, etc., issued by others than banks, and time notes, drafts, etc., by whomever issued. This account does not include investments (for which see page 21); nor does it include interest coupons.

3. ACCOUNTS RECEIVABLE.

Charge to this account all amounts owing to the corporation upon accounts with solvent concerns (other than banks); also the cost of all accounts and claims upon which responsibility is acknowledged by solvent concerns or which are sufficiently secured to be considered good, and of all judgments against solvent concerns where the judgment is not appealable or suspended through appeal. This account does not include negotiables.

4. INTEREST AND DIVIDENDS RECEIVABLE.

Whenever the income account is stated the appropriate sub-account therein shall be credited, and this account shall be charged with all accrued but

not yet collected interest upon all commercial paper and accounts considered collectible held by or for the benefit of the corporation; also all dividends declared or guaranteed by solvent concerns but not yet collected, the right to which is in the corporation.

5. OTHER CURRENT ASSETS.

Charge to this account the cost of all current assets of the corporation which are not includible under any of the last four foregoing accounts. By current assets are meant only those things which are readily convertible into money and which are held with the intent of being presently converted into money and not as investments.

27. Investments defined.—By *Investments,* as here used, are meant all properties acquired not for use in present operations, but as a means of obtaining or exercising control over other corporations, or for income to be derived from them, or for a rise in value, or for devotion to future operations at a time when it seems probable that they can not be so advantageously acquired as at the time of actual acquisition. By *bound* investments are meant those held subject to a lien of some character; by *free* investments are meant those held free of all liens.

300. INVESTMENTS.

The cost of the corporation's title to any property held as an investment shall be charged to an account entitled "Investments".

NOTE.—In the annual reports to be made to the Public Service Commission by the corporations and other persons engaged in electric operations, investments, whether bound or free, will be required to be classified with at least the following detail:

Bound investments will be required to be divided into the three classes: "Mortgaged or Pledged Investments," "Contractual Fund Investments," and "Other Bound Investments". Each of these three classes, and the class "Free Investments," will be required to be subdivided into the following: Funded Debt of Controlling Corporations, Funded Debt of Affiliated Corporations, Funded Debt of Controlled Corporations, Stocks of Controlling Corporations, Stocks of Affiliated Corporations, Stocks of Controlled Corporations, Advances to Controlled Corporations, Funded Debt of Other Corporations, Stocks of Other Corporations, Land, Improvements on Land, and Other Investments.

28. Special Deposits defined.—By *Special Deposits,* as here used, are meant amounts of money and bank credits in the hands of fiscal and other agents of the corporation for the payment of coupons, dividends, or other special purposes. Credits at banks subject to check of the corporation or its agents for general purposes, deposits at banks whether withdrawable at pleasure or after a specified time, amounts of money in safety deposit vaults, etc., so long as they are available for general purposes of the corporation, shall be excluded herefrom.

311. COUPON SPECIAL DEPOSITS.

Charge to this account all moneys and bank credits *specially* deposited in the hands of fiscal agents or other agents of the corporation for the payment of interest coupons when presented. Such coupons when paid from such deposits shall be credited to this account and charged to the appropriate matured interest account. Payments to trustees (or other agents) of the holders of bonds or other securities of the interest accrued thereon which operate under the terms of the securities (or of mortgages supporting such securities) as a release of the paying corporation from further liability for such interest shall not be charged to this account, but to the appropriate "Interest Accrued" account.

312. DIVIDEND SPECIAL DEPOSITS.

Charge to this account all moneys and bank credits *specially* deposited in the hands of fiscal agents or other agents of the corporation for the payment of dividends upon the corporation's stocks. Such dividends when paid from such deposits shall be credited to this account and charged to the appropriate dividend account.

313. OTHER SPECIAL DEPOSITS.

Charge to this account all moneys and bank credits deposited in the hands of fiscal agents or other agents of the corporation for other *special* purposes than the payment of interest coupons and dividends. Charges to this account shall specify the purpose for which the deposit is made. When such purposes are satisfied this account shall be credited with the amount specially deposited to provide such satisfaction.

29. Prepayments.—When payments for taxes, insurance, rents, and the like are made in advance of the actual accrual thereof, the amount of the advance payment shall be charged to the appropriate account in this group. As such taxes, etc., accrue, the appropriate prepayment account shall be credited and the appropriate expense or other income account shall be charged.

NOTE.—By the accrual of taxes, insurance, rents, etc., is meant their accumulation when considered as spread uniformly over the period to which they apply. Thus, if the rent fixed by contract of lease for a certain property is $600 for a calendar year, this accrues at the rate of $50 each month (unless it is desired to base the accrual on days, when of course the varying lengths of the months would require to be considered), regardless of the actual times when the rent matures; $50 should thus (if the rent has been prepaid) be credited each month to the account "Prepaid Rents," and concurrently charged to the appropriate account in the "Income" account. Similarly in the case of other prepayments.

321. PREPAID TAXES.

When taxes are paid in advance of their accrual, the amount prepaid shall be charged to this account. As the taxes thus prepaid accrue, they shall be credited at monthly intervals to this account and charged to the appropriate taxes account. This account must not include any so-called taxes, like water taxes, drainage taxes, fire taxes, etc., which are payments for special benefits received. Such payments for special benefits, where finally chargeable to operating expenses, must, when prepaid, be charged to account No. 324, "Other Prepayments".

322. PREPAID INSURANCE.

When premiums on insurance policies are paid in advance of their accrual, the amount prepaid (whether paid in cash or by the issue of notes or other negotiable paper) shall be charged to this account. As such premiums accrue they shall be credited at monthly intervals to this account and charged to the appropriate expense account.

323. PREPAID RENTS.

When rents are paid in advance of the enjoyment of the term, the amount prepaid (whether paid in cash or by the issue of notes or other negotiable paper) shall be charged to this account. As the term is consumed, this account shall be credited at monthly intervals and the appropriate rent account in the income account shall be charged.

324. OTHER PREPAYMENTS.

When prepayments are made for any other thing than taxes, insurance, and rents, above provided for, such prepayments shall be charged to this

account; and as the purpose of the prepayment is satisfied, proportionate amounts shall be credited monthly to this account and charged to the appropriate expense or income account.

30. Suspense.—When any expenditure is made, the appropriate disposition of which is not yet determinable, or when any loss occurs which under the rules of the Public Service Commission may be spread over a period of time, or when any debit made for any other reason may be amortized through charges made to expense or other income accounts at intervals over a period of time, such expenditure, loss, or other debit shall, except as herein otherwise directed, be charged to an appropriate account in this group of accounts.

NOTE.—By "amortization" of any charge or credit is meant its gradual extinction. The word is broader than the word "depreciation," since the latter is restricted ordinarily to tangible property. The word "depreciation" also imports more of the idea of fluctuating value and is complicated somewhat with the question of cost of replacement at market prices. Because it is considered unnecessary in connection with the gradual consumption or expiration of life of capital to consider the question of cost of replacement until the replacement is actually made, at which time the cost of replacement is duly charged to the appropriate account, and because provision is necessary for the gradual extinction of certain charges (such as those for some kinds of capital, those for extraordinary casualties, for discount on debt, etc.), to which the term "depreciation" does not well apply, it is considered advisable to use the term "amortization" in connection with the extinction of such charges, and of certain corresponding credits, such as premiums on debt outstanding.

331. UNAMORTIZED DEBT DISCOUNT AND EXPENSE.

When funded debt securities and other evidences of indebtedness are disposed of for a consideration whose cash value is less than the sum of the par value of the securities or other evidences of indebtedness and the interest thereon accrued at the time the transfer takes place, the excess of such sum of the par value and accrued interest over the cash value of the consideration received shall be charged to this account. To this account shall also be charged all expense connected with the issue and sale of evidences of debt, such as fees for drafting mortgages and trust deeds, fees and taxes for recording mortgages and trust deeds, cost of engraving and printing bonds, certificates of indebtedness, and other commercial paper having a life of more than one year, fees paid trustees provided for in mortgages and trust deeds, fees and commissions paid underwriters and brokers for marketing such evidences of debt, and other like expense. At or before the close of each fiscal period thereafter, a proportion of such discount and expense based upon the life of the security to maturity shall be credited to this account and charged to account No. 928, "Amortization of Debt Discount and Expense". Such discount and expense may, if desired, be amortized more rapidly through charges of all or any part of it, either at the time of issue or later, to the account "Other Deductions from Surplus".

332. OTHER SUSPENSE.

To this account shall be made all debits not elsewhere provided for and the proper final disposition of which is uncertain. This will include all such matters as expense of preliminary surveys, plans, investigations, etc., made for determining the feasibility of projects under contemplation. Should any such project later be carried to completion, such amounts shall be credited to this account and charged to the proper capital account; should it be abandoned, such amounts shall be charged to "Corporate Surplus or Deficit".

When the proper disposition of any matter charged to this account is determined, it shall be credited to this account and charged to the appropriate account.

31. Securities Actually Issued and Later Re-acquired.—For the case of securities *actually issued* by the corporation and later re-acquired by it, the following account is provided:

340. RE-ACQUIRED SECURITIES.

When securities, whether funded debt or stocks, have been actually issued to bona fide holders for value (or after such issue by another corporation have been assumed by the accounting corporation), and after such issue (or assumption) have been acquired by the corporation under circumstances which require that they shall not be treated as paid or retired, they shall be charged at face values to this account.

32. Debt Defined.—The word *debt,* as here used, covers all absolute obligations to pay money at a definite time or times, or at a time or times which are capable of being made definite by demand or other act of the creditor. It does not cover contingent obligations, such as obligations to pay rent for future enjoyment of the term, liabilities of indorsers upon paper not yet defaulted, etc.

Debt is divided into *Funded Debt* and *Unfunded Debt.*

33. Funded Debt defined.—*Funded Debt* comprises all debt which by the terms of its creation does not mature until more than one year after date of creation.

34. Unfunded Debt defined.—*Unfunded Debt* comprises all debt which by the terms of its creation matures one year or less after the date of creation or after demand.

35. Funded Debt accounts.—Funded debt shall be divided in the accounts into classes, such classes being determined by the four characteristics: (1) mortgage or other lien or security therefor, (2) rate of interest, (3) interest dates, and (4) date of maturity. A separate sub-account shall be raised for each such class of funded debt, and no two amounts of debt not agreeing in respect of all four of the characteristics above named shall be included in the same sub-account. The title of each sub-account of funded debt shall express the four characteristics above stated, that is to say: Mortgage or other lien or security, rate of interest, dates of maturity of interest, and date of maturity of principal; as *e. g.,* "First Mortgage 5% QF 10, Aug. 10, 1928," which means funded debt secured by the company's first mortgage, bearing interest at the rate of 5 per cent. per annum, interest maturing quarterly on February 10th, May 10th, August 10th, and November 10th of each year, principal maturing August 10, 1928.

Where any portion of the funded debt rests only on the general credit of the corporation and is not specially secured or supported by lien of any character, it shall for the purposes of these accounts be known as a "debenture." "Debentures" thus include promissory notes unsecured by mortgage or other lien, also those securities commonly known as "plain bonds."

To the appropriate sub-account in "Funded Debt" shall be credited when issued the par value of the amount of evidences of funded indebtedness issued. The entry shall show not only the amount issued but the purpose for which issued, and shall make intelligible reference to the book, page, and account

whereon are shown any discounts or premiums realized on the amount issued. If the consideration received for the issue is anything else than money, the entry shall show further the principal to whom issued, and shall describe with sufficient particularity to identify it the actual consideration received for the issue. If the issue in any case is to an agent of an undisclosed principal, the name and business address of such agent and the fact of his agency shall be shown in the entry.

36. Unfunded Debt accounts.—The accounts for unfunded debt are defined as follows:

351. TAXES ACCRUED.

Credit to this account at the close of each month the taxes accrued during the month, and make corresponding charges to the appropriate "Taxes" account. Credits to the account "Taxes Accrued" will necessarily be based upon estimate until the amount of tax levied for the tax period is known; such estimates shall be based upon the best data available, and as soon as the amount of tax for the period is known the account involved shall be adjusted to conform. When any tax is paid it shall be charged to this account and credited to "Cash" or other suitable account.

352. RECEIVER'S CERTIFICATES.

When any receiver acting under the orders of a competent court is in possession of the property of the corporation and under the orders of such court issues certificates of indebtedness chargeable upon such property, the par value of such certificates shall be credited to this account. Interest accruing upon such certificates shall also be credited monthly to this account.

353. JUDGMENTS UNPAID.

When any judgment of indebtedness is rendered by a court of competent jurisdiction against the corporation, or any fine or penalty requiring the payment of money is assessed by such a court against the corporation, and no appeal accompanied by stay of execution has been taken therefrom within the time allowed by law for such appeal, the amount of such judgment shall be credited to this account, and the entry shall designate the action or suit as a consequence of which such judgment is pronounced or such fine or penalty assessed. The designation of the action or suit shall show the court, the term thereof, the parties, and the character of the action or suit. Interest accruing upon any such judgment shall be credited monthly to this account.

NOTE.—In case of appeal and affirmance in whole or in part from which judgment of affirmance a further appeal lies, the same rule shall apply as upon entry of original judgment.

354. INTEREST ACCRUED.

Credit to this account at the close of each month the interest accrued during the month upon indebtedness of the corporation. When such interest is paid it shall be charged to this account and credited to "Cash" or other suitable account.

The account "Interest Accrued" does not include interest on judgments, nor that upon receiver's certificates. The interest accruing on any judgment against the corporation or upon any receiver's certificate shall be credited to the account to which such judgment or receiver's certificate stands credited.

NOTE.—When coupon interest matures it should be transferred from the sub-account "Unmatured Coupon Interest Accrued" to the sub-account "Coupon Interest Matured." When such interest is paid out of coupon special deposits the sub-account "Coupon Interest Matured" should be charged and the account "Coupon Special Deposits" credited.

355. DIVIDENDS DECLARED.

When any dividend is declared it shall be credited to this account and here remain until it is paid, when it shall be charged to this account and credited to "Cash" or other suitable account.

356. BILLS PAYABLE.

When any note, draft, or other bill payable which matures not later than one year after date of issue (or of demand) or assumption by the corporation of primary liability thereon is issued or assumed, the par value thereof shall be credited to this account, and when it is paid it shall be charged to this account and credited to "Cash" or other suitable account.

E357a. CONSUMERS' DEPOSITS—ELECTRIC.

Credit to this account, as such deposits are made, all cash deposited with the corporation by consumers as security for the payment of electric bills. Deposits refunded shall be charged to this account and credited to "Cash." Deposits applicable to uncollectible or worthless electric bills shall, at the close of the fiscal year (or earlier, at the option of the accounting corporation), be credited to the account of the consumer involved and debited to this account.

357b. OTHER ACCOUNTS PAYABLE.

Credit to this account when incurred all liabilities of the corporation upon open accounts, except those provided for in the foregoing account "Consumers' Deposits."

358. OTHER UNFUNDED DEBT.

Credit to this account at face value all unfunded debt upon which the corporation is liable and which is not elsewhere provided for.

37. Reserves.—Reserves shall be classified as *Permanent* and *Temporary.*

38. Permanent Reserves defined.—By *Permanent Reserves* are meant those that must be maintained intact during the life of the corporation. Permanent reserves shall be classified into the two classes: *Premiums on Stocks,* and *Other Permanent Reserves.*

371. PREMIUMS ON STOCKS.

Premiums on stocks shall be sub-classified with respect to the several classes of stocks, for definitions of which see the accounts under the head "Stocks." A sub-account shall be kept for each particular class of stocks, and such sub-accounts shall be severally entitled:

Premiums on Debenture Stocks,
Premiums on First Preferred Stocks,
Premiums on Second Preferred Stocks, etc., and
Premiums on Common Stocks.

When a premium is realized upon an issue of any particular class of stock, such premium shall be credited to the sub-account above provided for such class of stock, and such credit shall remain in such account so long as such stock remains outstanding. By a premium realized (as the words are above used) is meant the excess of the actual money value (at the time of issue of the stock) of the consideration received for such issue over the par value of the amount of stock issued. If the stock is issued by the corporation to its treasurer or other agent, the excess of the actual money value of the consideration obtained by such agent in exchange for such stock over the par value thereof shall be considered the premium realized.

372. OTHER PERMANENT RESERVES.

Credit to this account all reserves not above provided for created to remain intact until the dissolution of the corporation. A separate sub-account shall be created for each particular purpose for which a reserve is raised, and the purpose of the reserve shall be designated in the title of the account thereof and shall be expressed in full in the first entry in such account.

39. Temporary Reserves defined.—By *Temporary Reserves* are meant those that are not intended to remain intact during the life of the corporation. Temporary reserves shall be classified as *Contractual Reserves* and *Non-contractual Reserves.*

40. Contractual Reserves defined.—*Contractual Reserves* are reserves necessitated by contracts of the corporation, as *e. g.,* reserves to cover sinking funds provided for in mortgages, etc. A separate sub-account shall be raised for each particular contractual reserve, and to such account shall be credited all appropriations and accumulations made in accordance with the contract provisions under which such reserve is created. The purpose of the reserve shall be designated in the title of the account thereof and shall be expressed in full in the first entry in such account.

41. Non-contractual Reserves defined.—*Non-contractual Reserves* are such temporary reserves as are raised without being required under any contract. Non-contractual reserves are divided into *Required* and *Optional.*

42. Required Reserve accounts.—Required reserves are provided for in the following accounts:

374. ACCRUED AMORTIZATION OF CAPITAL.

Credit to this account such amounts as are charged from time to time to "Operating Expenses," or other accounts to cover depreciation of plant and equipment, and other amortization of capital. When any capital is retired from service, the original money cost thereof (estimated if not known, and where estimated, that fact and the facts upon which the estimate is based shall be stated in the entry), less salvage, shall (except as provided in account No. E100, "Fixed Capital, December 31, 1908,") be charged to this account. The amount originally entered or contained in the charges to any capital account in respect of such capital so going out of service shall be credited to such capital account, and any necessary adjusting entry made to the appropriate sub-account under the account "Corporate Surplus or Deficit."

375. UNAMORTIZED PREMIUM ON DEBT.

When funded debt securities or other evidences of indebtedness are disposed of for a consideration whose cash value is greater than the sum of the par value of such securities or other evidences of indebtedness and the interest thereon accrued at the time the transfer takes place, the excess of the cash value of such consideration received over the sum of the par value of the securities or other evidence of indebtedness and the accrued interest shall be credited to this account. At monthly intervals thereafter a proportion of such premium based upon the life of the security or other evidence of indebtedness to maturity shall be charged to this account and credited to "Amortization of Premium on Debt" in "Income" account; or at the option of the corporation the charge to this account may be delayed to a time not later than the date of maturity of the debt, in which case the proportion ap-

plicable to the period covered by the then current income account shall be credited to the account "Amortization of Premium on Debt," and the remainder of the credit shall be to the account "Other Additions to Surplus."

376. OTHER REQUIRED RESERVES.

Credit to this account all required reserves not elsewhere provided for. The first entry of a credit to this account with respect to any particular reserve shall show the purpose of the reserve, and every subsequent entry with respect to that reserve shall designate the reserve to which it relates.

43. Optional Reserve accounts.—*Optional Reserves* are those the creation of which is solely within the discretion of the corporation. For such reserves the following two accounts are provided:

381. CASUALTIES AND INSURANCE RESERVE.

When any admitted liability arises because of loss or damage to the property of others, or of injuries to employees or other persons, the amount of the liability may (if not previously provided for by insurance or self-insurance) be charged to the appropriate operating expenses or other accounts and credited to this account, against which (in such case) the actual cost of satisfaction of the liability shall be charged when the matter is determined. If the extent of the liability can not be ascertained promptly after the liability arises, it may be estimated as accurately as practicable for the purpose of determining the immediate charge to the expense or other appropriate account, in which case the matter shall be adjusted when the extent of the liability is definitely ascertained. If the loss is of such character that it is in whole or in part indemnifiable under any contract of insurance carried by the corporation, the indemnifiable portion of the loss shall be charged to the insurer and credited to "Casualties and Insurance Reserve." Also credit to this account the amounts charged to the operating expense account "Insurance" to cover self-carried risks.

382. OTHER OPTIONAL RESERVES.

A sub-account shall be raised for each particular reserve, and its title shall designate the purpose of such reserve and the first entry therein shall express in full such purpose.

44. Stocks Defined.—By *Stocks* of a corporation, as the term is here used, are meant those securities which represent permanent interests in the corporation or interests which, if terminable, are so only at the option of the corporation.

45. Stocks classified.—Stocks are classified as—
Debenture Stocks,
First Preferred Stocks,
Second Preferred Stocks, etc., and
Common Stocks.

46. Debenture Stocks defined.—*Debenture Stocks* are those issued under a contract to pay absolutely thereon at specified intervals a specified return.

47. First Preferred Stocks defined.—*First Preferred Stocks* are those which have the first claim upon such dividends as may be distributed. They may be cumulative or noncumulative, participating or nonparticipating. If *cumulative,* the amount by which the dividend at any dividend period fails to reach the stipulated rate is carried forward to continue as a claim upon divi-

dends until satisfied; if *noncumulative,* such amount lapses. If a first preferred stock is *participating,* it is not limited to the stipulated rate in the amount of dividends which it may receive, but is entitled to participate, in accordance with the terms of the contract under which it is issued, in further dividends; if *nonparticipating,* it is limited to the stipulated rate.

48. Second Preferred Stocks defined.—*Second Preferred Stocks* are those whose claims in the distribution of dividends are next after those of first preferred stocks. These stocks may also be cumulative or noncumulative, participating or nonparticipating.

49. Common Stocks defined.—*Common Stocks* are those whose claims in the distribution of dividends are subordinate to the claims of all other stocks.

50. Voting Powers.—Stocks differ also in regard to the voting powers incident to ownership of them.

51. Retirement of Stocks.—Stocks are sometimes issued under contracts wherein the issuing corporation reserves to itself the right to retire them at its option, either absolute or subject to conditions expressed in the contracts whereunder the stocks are issued.

52. Separate account required for each class of stocks.—In the accounts of stocks outstanding, a separate account shall be raised for each class of stock issued, and no two stocks shall be considered of the same class unless they are equal in their interest or dividend rights, their voting rights, and the conditions under which they may be retired. The characteristics of any class of stocks in these three regards shall be designated in the title of the account raised to cover such stocks and shall be clearly expressed in the first entry in such account. To the account for any class of stocks shall be credited when issued the par value of the amount of stock of that class issued. If such issue is for money, that fact shall be stated; and if for any other consideration than money, the person to whom issued shall be designated, and the consideration for which issued shall be described with sufficient particularity to identify it; if such issue is to the treasurer, or other agent of the corporation, to be by him disposed of for the benefit of the corporation, that fact and the name of such agent shall be shown; and such agent shall in his account of the disposition thereof show the like details concerning the consideration realized thereon, which account when accepted by the corporation shall be preserved as a corporate record. If the fair cash value of the consideration realized upon the issue of any amount of stock is greater than the par value of such stock, the excess shall be credited to the account "Premiums on Stocks," and corresponding reference thereto shall be contained in the entry relating to such stock in the stock account.

SCHEDULE B.

INCOME ACCOUNT.

1. Income and Indicant accounts compared.—A comparison of the balances in the foregoing accounts (Schedule A) at any particular moment will, if the accounts have been properly kept, show the then existing condition of a corporation's affairs so far as such condition can be shown through the accounts. The group of accounts just defined is sometimes called the *Balance Sheet* or *Indicant* accounts. Their balances indicate the condition of the corporation at any particular time. These accounts with their subsidiary accounts are all that are necessary prior to the time when the corporation becomes what may be called a "going concern."

When a corporation begins operations it requires an additional group of accounts in which to classify in convenient form the accounting history of the various changes it undergoes. Such group of accounts brings together or accumulates the account of the various incidents of the corporation's history. This group of accounts may be called the *Income* account. They are made up usually on a yearly basis and are closed into one grand account called "Corporate Surplus or Deficit," which ties together this group of accounts and the preceding group.

2. Divisions of Income account.—The principal divisions of this group of accounts are the *Revenue* accounts, the *Revenue Deduction* accounts, the *Income Deduction* accounts, and the *Appropriation* accounts.

3. Revenues defined.—By *Revenues,* as the word is used herein, are meant all amounts of money which the corporation receives or becomes lawfully entitled to recover for services rendered, for products sold, as gross profits on merchandise sold, or as a return upon its property (or interests in property). Revenues are classified as *Operating Revenues* and *Non-operating Revenues.*

4. Operating Revenues defined.—*Operating Revenues* are those derived from the sale of products and merchandise, from services rendered, and from return on property used by the person or corporation in its own operations.

5. Non-Operating Revenues defined.—*Non-operating Revenues* are those derived as a return upon the property of the corporation in the hands of others or from its interests in property in the hands of others. They may be sub-classified as *Rents, Interest, Dividends,* and *Miscellaneous.*

6. Revenue Deductions defined.—*Revenue Deductions* include *Expenses, Taxes,* and *Uncollectible Bills.*

7. Expenses defined.—*Expenses* are those outgoes (including capital consumed) necessary to the production of the commodities sold and the services rendered, and to the collection of the revenues. They are divided into *Operating Expenses* and *Non-operating Expenses. Operating Expenses* are those incident to the operating revenues.

8. Taxes defined.—*Taxes* are those annual or other payments exacted by governments for the purpose of raising funds for public uses.

9. Uncollectible Bills defined.—When a corporation is engaged regularly in rendering to general consumers a service, or in supplying to such consumers a commodity (as *e. g.,* electric energy or gas for light, heat, or power), current accounts or claims against such consumers for such service rendered or commodity supplied which are incapable of collection by the exercise of reasonable diligence are included under the name *Uncollectible Bills.*

10. Gross Income, Income Deductions, and Net Corporate Income defined.—Revenues, diminished by expenses, taxes, and uncollectible bills, give an amount called *Gross Income,* which is applicable to corporate and leased properties. Gross income is subject to several compulsory deductions, mostly contractual, like rent, interest, etc., and the remainder after these are made is called *Net Corporate Income,* which being subject only to the discretion of the corporation is most conveniently carried directly to the corporate surplus. The accounts covering the compulsory deductions from gross income, as above defined, are called the *Income Deduction* accounts.

11. Appropriation accounts defined.—The accounts covering the yearly changes in the corporate surplus are called the *Appropriation* accounts, since practically all of the matters covered by them are within the discretion of the corporation, although they also include certain adjustments made because of facts of previous years imperfectly accounted for at the time (whether through error or through lack of information), and certain other minor matters like extraordinary expenses not chargeable as deductions from revenues; also such matters as profits on the sale of capital, and profits and losses on the sale of investments.

12. Definitions of Electric Operating Revenue accounts.—Credits to the various revenue accounts shall be made upon the basis of bills rendered or of gross prices. Discounts for prompt payment, corrections of overcharges, overcollections theretofore credited and afterward corrected, authorized abatements and allowances, and other corrections and deductions shall be charged to the revenue account to which they relate. In the following definitions of accounts the letters and numbers prefixed to the titles are inserted solely for convenience of reference and are no part of the titles or of the definitions:

401. MUNICIPAL STREET LIGHTING—ARC*

Credit to this account all revenues derived from lighting streets for municipal corporations by means of arc lamps.

402. MUNICIPAL STREET LIGHTING—INCANDESCENT.

Credit to this account all revenues derived from lighting streets for municipal corporations by means of incandescent electric lamps.

NOTE.—In the foregoing two accounts the word "streets" is to be interpreted to include parks, plazas, and all other public places not classified as buildings.

403. LIGHTING MUNICIPAL BUILDINGS—ELECTRIC.

Credit to this account all revenues derived from lighting municipal buildings by means of electric lamps, and from electric energy supplied for such

*Charges to this and the following revenue accounts must be made in such wise as to permit their classification in the annual report of the corporation to the Public Service Commission.

purposes, or for heat or power in municipal buildings where such energy is supplied at lighting rates and is not separately measured.

404. MUNICIPAL HEAT AND POWER—ELECTRIC.

Credit to this account all revenues derived from municipal corporations for electric energy supplied at special heat or power rates to such corporations for the production of heat and power.

405. MISCELLANEOUS ELECTRIC REVENUE—MUNICIPAL.

Credit to this account all revenues derived from supplying electric energy to municipal corporations and not provided for in the foregoing accounts; also those from the letting of meters, motors, and other electric equipment to such corporations.

406. COMMERCIAL FLAT RATE LIGHTING.

Credit to this account all revenues derived from consumers other than municipal corporations for electric lighting at flat rates per year, per month, per night, per hour, or other time unit, or on any basis independent of the quantity of energy supplied.

407. COMMERCIAL FLAT RATE POWER.

Credit to this account all revenues derived from all consumers, except municipal, railroad, and other electrical corporations, for electric energy supplied for heat or power at special flat rates per year, per month, per night, per hour, or other time unit, or on any basis independent of the quantity of energy supplied.

408. COMMERCIAL METERED LIGHTING.

Credit to this account all revenues derived from all consumers, except municipal corporations, for measured electric energy supplied for electric lighting where the total receipt is dependent on the quantity of energy supplied.

NOTE.—Where electric energy flowing through any meter is used by any other consumer than a municipal corporation for both arc and incandescent lighting, or for arc and incandescent lighting and incidentally for power purposes such as running fans, sewing machines, etc., the revenues derived therefrom shall be credited to this account.

409. COMMERCIAL METERED POWER.

Credit to this account all revenues derived from all consumers, except municipal, railroad, and other electrical corporations, for measured electric energy supplied for heat or power at special heat or power rates, where the total receipt is dependent on the quantity of energy supplied.

410. RAILROAD CORPORATIONS.

Credit to this account all revenues derived from electric energy *sold* to street and other railroad corporations for the propulsion of their cars, for running their shops, and for other power, and for heating purposes. If such energy is incidentally used for lighting also, but the portion used for lighting is not separately measured, the revenue therefrom shall be included in this account.

411. OTHER ELECTRICAL CORPORATIONS.

Credit to this account all revenues derived from electric energy *sold* to other electrical corporations to be by them distributed over their own lines to consumers. If any portion of such energy is incidentally consumed by such corporations for their own benefit, whether for light, heat, or power, it shall

be included herein, if not separately measured, or if included under the same contract with that which is distributed by them to consumers.

421. RENT OF ELECTRIC METERS.

Credit to this account all revenues derived from the letting of electric meters to others than municipal corporations.

422. RENT OF ELECTRIC APPLIANCES.

Credit to this account all revenues derived from the letting of electric motors, fans, heating appliances, batteries, lamps, and other electric apparatus and appliances (except meters) to others than municipal corporations. Where the contract of letting names only a single consideration for both the letting and the maintenance of the appliances so let, the entire revenue shall be included in this account.

423. ELECTRIC MERCHANDISE AND JOBBING REVENUE.

Credit to this account all receipts from the sale of electric merchandise and from electric jobbing. Charge to this account the cost to the accounting corporation of electric merchandise sold, such cost including transportation charges paid on such goods.

Credit also to this account the profit or commission accruing to the corporation on all jobbing work *performed by it as agent under agency contracts,* whereunder it undertakes to do jobbing work for another for a stipulated profit or commission upon its actual expense for labor, materials, and supplies.

NOTE A.—In its annual reports to the Public Service Commission the reporting corporation will be required to analyze the credits and debits to this account.

NOTE B.—This account does not include receipts from the sale of superseded equipment, or of junk or other scrap or salvage.

424. SALE OF BYPRODUCTS.

Credit to this account all revenue derived from the sale of ashes, cinders, chemical waste, gas producer residuals, and other byproducts of electric operations.

425. JOINT ELECTRIC RENT REVENUE.

When any corporation engages in electric operations for the production of some of its product for the benefit of another or others under an arrangement for apportioning the expense upon the basis of the relative amounts of benefit to the several participants in the arrangement, if such arrangement provides for the receipt by the corporation of any profit or return upon its property, such profit or return upon property shall, as it accrues, be credited month by month to this account. Such profit or return must be over and above any provision for wear and tear and depreciation of plant involved in the said production, and the amount thereof must be as provided in the arrangement under which the joint production occurs.

426. BREAK-DOWN SERVICE.

Credit to this account all revenues derived from the insurance of a supply of electric energy to a stipulated amount to concerns ordinarily producing their own or procuring it from other sources than the corporation acting as insurer.

427. OTHER MISCELLANEOUS ELECTRIC REVENUE.

Credit to this account all revenues derived from others than municipal corporations for the supply of electric energy and service and from other electric operations not includible in any of the foregoing accounts.

13. Revenue from Outside Operations.—The detailed revenue accounts for operations other than the above mentioned will be provided for elsewhere.

14. Operating Expenses defined.—By the *operating expenses* of a corporation are meant such expenses as are necessary to the maintenance of the corporate organization, the rendering of services required or authorized by law, the sale of merchandise, the production (including herein capital consumed) and disposition of the commodities produced, and to the collection of the revenues therefor. Expenses directly incident to the collection of non-operating revenues and the maintenance of the property from which non-operating revenues are derived are excluded from operating expenses.

15. Definitions of certain terms used in connection with expense accounts.—Except where some other meaning is clearly specified in the definitions of the accounts, the following words, wherever used hereunder, have the meanings below stated:

Cost means cash or money cost, and not price based on a term of credit.

Labor means human services of whatever character.

Cost of labor includes wages, salaries, and fees paid to persons for their services.

Cost of materials and supplies includes all specifically assignable transportation charges incurred in obtaining the delivery of such materials and supplies upon the premises of the purchaser, and cost of any special tests made thereon prior to their acceptance; and in case the accounting person or corporation desires, it may include a suitable proportion of store expenses (when the materials and supplies are passed through stores) and the cost of further transportation to the place of consumption, and a suitable proportion of the expenses of the purchasing department, in which case a corresponding credit shall be made to the suitable expense account as hereinafter provided.

Cost of repairs, when made by the accounting person or corporation, includes cost of labor expended and material consumed, less salvage, if any.

NOTE.—It is not required that the transportation element of cost shall be assigned with a greater degree of accuracy than to the nearest cent per unit of material or supply. Where a single transportation item covers a multitude of things the portion of the expense not assigned to specific things should be charged to the same account that store expenses are charged to.

16. Definitions of Electric Operating Expense accounts.—In the following definitions of accounts the letters and numbers prefixed to the titles are inserted solely for convenience of reference and are no part of the titles or of the definitions:

GENERAL ACCOUNTS.

I. Production Expenses.
II. Transmission Expenses.
III. Electric Storage Expenses.
IV. Distribution Expenses.
V. Utilization Expenses.
VI. Commercial Expenses.
VII. General and Miscellaneous Expenses.

I. PRODUCTION EXPENSES.

NOTE.—In case the accounting corporation operates two or more separate and distinct plants for the production of electric energy, it will be required to keep (with the detail herein prescribed) separate accounts covering production at the

several plants. In case the circumstances of any corporation make it impracticable to allocate the cost of its station labor among the accounts below prescribed, it should petition the Public Service Commission for permission to consolidate two or more of them. Such application must set out in full the facts which in the judgment of the petitioner make such allocation impracticable.

E501a. STATION SUPERINTENDENCE AND CARE.

Charge to this account salaries and personal expenses of superintendents and assistants, chemists, clerks, janitors, watchmen, elevatormen, and also that portion of the salaries and expenses of the engineering staff assignable to the generating plant.

E501b. BOILER LABOR.

Charge to this account the cost of labor in boiler room and elsewhere in and about the premises having to do with making steam. This includes such labor as that of fire room engineers and assistants, water tenders, firemen. coal handlers, ash handlers, boiler cleaners, and feed-pump men.

E501c. PRODUCER LABOR.

Charge to this account the cost of all labor in and about the premises having to do with the production of power gas.

E501d. ENGINE LABOR.

Charge to this account the cost of labor on prime movers of all kinds. This includes such labor as that of chief engineers and assistants, engineers, oilers, wipers, and machinists.

E501e. ELECTRIC LABOR.

Charge to this account the cost of all labor in connection with the electric generating apparatus and devices, beginning with the generators direct connected or belted to the prime movers, and including the switchboard, feeder terminal board, and to where the electric current leaves the station for the transmission or distribution system. This includes such labor as that of system operators or load dispatchers; foreman over regulators, regulators, and assistants; switchboard men, brushmen, wipers, and wiremen.

E502a. FUEL FOR STEAM.

Charge to this account the cost of fuel, whether coal or oil, used under the boilers for electric generation, at the cost delivered in the bunkers or tanks; also any special expense incurred in disposing of ashes.

NOTE.—No portion of the cost of boiler room labor shall be charged to this account.

E502b. FUEL FOR PRODUCER GAS.

Charge to this account the cost of fuel used for generating producer gas.

E503a. WATER FOR STEAM POWER AND GAS.

Charge to this account the cost of water for boilers, for condensers and for cooling gas engines; also the cost of boiler compound. Water used for general station purposes is not to be included.

E503b. WATER FOR HYDRAULIC POWER.

Charge to this account the cost of all water purchased for the purpose of operating hydraulic power plants in the electric department.

E504. LUBRICANTS FOR POWER.

Charge to this account the cost of lubricants for machinery in the generating station; but not oil for transformers, grease for wagons, or oil for lanterns.

E505a. PRODUCTION SUPPLIES.

Charge to this account the cost of all supplies, tools, etc., used in the generating plant which are consumed in the operating process, the replacement of which does not constitute a repair or renewal; also the cost of repairs of such tools. This includes such matters as waste, packing, wipers, gauge glasses, gauge washers, manhole gaskets, handhole gaskets, fire room tools, steam and air hose, bolts, screws, nails, tools, dynamo brushes, etc.

E505b. STATION EXPENSE.

Charge to this account the general and miscellaneous expenses in the generating plant not specifically chargeable to other accounts, including such matters as lighting, heating, and cleaning systems; fire protection system; janitors' supplies; ice and water; telephone and toilet services at station; and care of streets, yards, and sidings.

E507. REPAIRS OF POWER PLANT BUILDINGS.

Charge to this account the cost of repairs of buildings and structures used for power station purposes; cost of repairs of fixtures therein; cost of maintaining walks, driveways, and grounds connected with such buildings; cost of delivering material, including freight charges, if any; and all incidental expenses connected with the maintenance of such buildings and structures.

The term "buildings and structures," in addition to embracing the buildings proper, shall be understood to include fixtures when immovable and built in as a part of the structure; permanent foundations and piers; pipes for gas, water, sewerage, and drainage; apparatus for heating, lighting, and ventilating; freight and passenger elevators with fixtures and appurtenances; platforms; appliances for protecting buildings against fires; fences, walls, sidewalks, and pavements within the limits of grounds immediately adjacent to such buildings.

NOTE.—The cost of replacement of a building or structure, when in excess of $100, shall be treated through the appropriate capital account; when less than $100, it may be charged directly to this account or a sub-account hereunder.

E508a. REPAIRS OF FURNACES AND BOILERS.

Charge to this account the cost of repairing boilers and furnaces, including specially provided foundations and settings, iron smokestacks, and such matters as brick work, bridge wall, arches, jambs, grate bars, stoker bars and webs, furnaces, valves, superheaters, damper regulators, and tubes.

E508b. REPAIRS OF BOILER APPARATUS.

Charge to this account the cost of repairing feed water, coal and ash handling systems, and auxiliary apparatus in the fire room; including such matters as feed pumps, blower engines, coal conveyor, digger, trolley and cable tower, crusher and belt links, brackets, wheels, chutes and gates; ash conveyor cars, winches, motors, buckets, shaft, chain, and wheels; filters, boiler compound injector and pump; heaters, primary and secondary; economizers, and water meters.

E508c. REPAIRS OF STEAM ACCESSORIES.

Charge to this account the cost of repairing the piping system in connection with the making of steam and delivery thereof to the prime movers; including such matters as water feed piping, cold main, hot main, water suction, valves, joints, jackets, ash pit drains and ash pocket syphons, oil drains from engine crank pits, receiving tanks, filter pumps to engine valve, steam and exhaust line systems, sewer connections, and air line.

E509a. REPAIRS OF RECIPROCATING ENGINES.

Charge to this account the cost of repairing reciprocating steam engines used in the power plant.

E509b. REPAIRS OF STEAM TURBINES.

Charge to this account the cost of repairing steam turbines used in the power plant.

E509c. REPAIRS OF OTHER STEAM ENGINE EQUIPMENT.

Charge to this account the cost of repairing apparatus auxiliary to the prime movers, including such matters as condensers, packing tubes, renewing tubes, heads and doors, and miscellaneous; and pumps, air and circulating, wet vacuum, dry vacuum, and oil systems, but excluding the power conveying apparatus.

E510a. REPAIRS OF DAMS, CANALS, AND PIPE LINES.

Charge to this account the cost of repairing hydraulic structures. Such structures include dams, embankments, etc., for impounding water, and all appurtenant gates, valves, weirs, wasteways, canals, conduits and other channels (including riprap, lining walls, etc.), pipe lines, aqueducts, and supporting trestles, etc., forebays and appurtenant sieves and grids, wasteways, etc., and all viaducts, bridges, foot-bridges, etc., over and accessory to or necessitated by such canals, aqueducts, and pipe lines; also the wasteways conducting water from the outlet of the draft-tube to the point of final discharge.

E510b. REPAIRS OF TURBINES AND WATER-WHEELS.

Charge to this account the cost of repairing wheel-gates, turbines, and other hydraulic apparatus from the inlet valve to and including the wheel governor and to the outlet of the draft-tube.

E511a. REPAIRS OF GAS PRODUCERS AND ACCESSORIES.

Charge to this account the cost of repairing apparatus devoted to the generation of producer gas to be consumed in gas engines in the electric generating station; also the cost of repairing gas conductor and exhaust pipes and other auxiliary gas power apparatus. This includes producers, economizers, regenerators, vaporizers, steam injectors, scrubbers, exhauster outfits, seals, specially provided boilers and pumps, flues and piping, blower engines, holders, etc. Power conveying apparatus is not included herein.

E511b. REPAIRS OF GAS ENGINES.

Charge to this account the cost of repairing gas engines devoted to the production of electric energy, including inlet valves, governors, and ignition and starting apparatus.

E512a. REPAIRS OF ELECTRIC GENERATORS.

Charge to this account the cost of repairing dynamos, alternators, and other electric generating apparatus driven by steam, water, or gas power; and rotaries and motor generating sets, exciters, etc., when not installed in connection with transmission systems.

E512b. REPAIRS OF ACCESSORY ELECTRIC EQUIPMENT.

Charge to this account the cost of repairing the electric generating apparatus not includible in the foregoing account. This includes bus-bars, regulators, station cables, station switchboards and equipment, such as circuit-breakers, switches, ammeters, voltmeters, wattmeters, etc. (and their specially provided foundations and settings), and the station term-

inal board; also head-gate motors, pump motors, air compressor motors, etc., and special high-tension transmission equipment at power stations, such as high-tension bus-bars, high-tension switchboards, high-tension switches, high-tension current transformers, high-tension lightning arresters, high-tension potential transformers, high-tension reactive coils, high-tension choke coils, high-tension grounding devices and resistances, high-tension raising and lowering transformers, etc., but not wiring for lighting the station.

E513a. REPAIRS OF STATION TOOLS AND IMPLEMENTS.

Charge to this account the cost of repairing station tools and implements that have been capitalized (except fire tools, elsewhere provided for). Among the principal items in this account are blacksmiths', machinists', and pipe fitters' tools, pump room tools, engine tools, and cutting tools.

E513b. REPAIRS OF MISCELLANEOUS STATION EQUIPMENT.

Charge to this account the cost of repairing station apparatus not includible in the foregoing repair accounts, particularly the power transmission equipment, such as shafting, belting, and clutches; motors, hoists, and cranes, etc.

E514. STEAM FROM OTHER SOURCES.

Charge to this account the cost of all purchased or jointly produced steam consumed in the power plant of the electric department.

NOTE.—In case such steam is jointly produced, *i. e.*, produced by another person or corporation under a joint arrangement for sharing the cost of production in proportion to the benefits to the several participants, the charge to this account may include a proportion to cover depreciation of plant employed as well as the proportion of direct expense, but it must not include any allowance or return upon the cost or value of the plant. Such allowance or return upon property must be charged to account No. 922f, "Other Rent Deductions". (See page 53.)

E515. POWER GAS FROM OTHER SOURCES.

Charge to this account the cost of all gas consumed in the gas power plants of electric generating stations, but not produced in the electric department; this includes the cost of gas produced for the corporation by another corporation under any joint arrangement for the sharing of expense (upon the basis of the relative amounts of benefit to the several participants), inclusive of provision in such expense for depreciation of plant, but exclusive of allowance for profit or return upon the value of property used in such production.

E516. ELECTRIC ENERGY FROM OTHER SOURCES.

Charge to this account the cost, at the point of delivery to the corporation, of all electric energy purchased or produced for the corporation by another corporation under any joint arrangement for the sharing of expense (upon the basis of the relative amounts of benefit to the several participants), inclusive of provision in such expense for depreciation of plant, but exclusive of allowance for profit or return upon the value of property used in such production.

II. TRANSMISSION EXPENSES.

E521a. TRANSMISSION SUBWAY RENT.

Charge to this account the rents payable accruing for ducts leased from other corporations or from a municipal corporation.

NOTE.—In case the rented subway is used for distribution as well as for transmission, the rent should be apportioned between this account and account No. E521b, "Distribution Subway Rent".

E522a. TRANSMISSION POLE AND FIXTURE REPAIRS.

Charge to this account the cost of repairing and renewing poles, cross-arms, and insulator pins; braces, brackets, and other pole fixtures; guys and other supports for holding the poles, towers, and other structures in position; also repairs of towers and other structures maintained primarily for supporting the overhead transmission system.

This account does not include insulators.

NOTE A.—The cost of repairing and renewing poles and fixtures which carry both transmission and distribution conductors should be apportioned between this account and account No. E522b, "Distribution Pole and Fixture Repairs".

NOTE B.—The cost of replacement of towers and other structures maintained primarily for supporting the overhead electric construction shall, when the individual costs of the same equal or exceed $100, be treated through the appropriate capital accounts. When the individual cost is less than $100, the replacement may be charged directly to this account.

E523a. TRANSMISSION UNDERGROUND CONDUIT REPAIRS.

Charge to this account the cost of patrolling and inspecting as well as repairing transmission underground conduits, including renewing ducts and pipes, enlarginf and repairing manholes re-paving streets over such structures, etc. This account does not include any repairs of conductors or of the insulation thereof.

NOTE.—The cost of maintaining underground conduits which carry both transmission and distribution conductors should be apportioned between this account and account No. E523b, "Distribution Underground Conduit Repairs".

E524a. OVERHEAD TRANSMISSION SYSTEM REPAIRS.

Charge to this account the cost of repairing and maintaining overhead trunk lines between generating and sub-stations, including patrolling and testing, and all repairs.

NOTE A.—This account does not include the cost of repairing poles and fixtures, for which see account No. E522a, "Transmission Pole and Fixture Repairs".

NOTE B.—When the electric current generated (or received from another corporation) is conducted, either at the voltage of generation (or receipt) or at a higher voltage, to a point where it is (a) lowered in voltage by means of stepdown transformers, or changed as to kind or frequency by means of (b) motor generator sets, (c) rotary converters, or (d) frequency changers, that portion of the outside line or conductor system antecedent to the said stepdown transformers, motor generator sets, rotary converters, or frequency changers, shall be classed as the Transmission System; *except*, however, that primary wiring in lighting systems at not to exceed 4,400 volts, 4-wire, 3-phase, shall be classed as a part of the Distribution System. Tie-lines between generating stations and sub-stations shall follow the same rule. Line transformers are not included among the "stepdown transformers" above mentioned.

E524b. UNDERGROUND TRANSMISSION SYSTEM REPAIRS.

Charge to this account the cost of inspecting and repairing underground transmission cables.

E525. SUB-STATION LABOR.

Charge to this account the cost of all labor employed in superintending and operating sub-stations, including not only that of regulators, brushmen, and others engaged in operating the electric apparatus, but also that of clerks, janitors, watchmen, etc.

E526. SUB-STATION SUPPLIES AND EXPENSES.

Charge to this account the cost of supplies consumed and expenses incurred in connection with the operation of sub-stations, such as telephone rents, light, heat, etc.

E527. REPAIRS OF SUB-STATION BUILDINGS.

Charge to this account the cost of repairing sub-station buildings and permanent fixtures therein, including grounds and adjacent streets, vaults, sheds, pits, sidewalks, etc.

E528. REPAIRS OF SUB-STATION EQUIPMENT.

Charge to this account the cost of repairing apparatus in sub-stations, including sub-station cables, switchboards and instruments, station terminal board, etc.

NOTE.—This account should not include the cost of repairing any storage battery equipment, for which see account No. E529d, "Repairs of Storage Battery Accessories".

III. ELECTRIC STORAGE EXPENSES.

NOTE.—In case any electrical corporation desires to keep fewer accounts covering its electric storage expenses, it will, until otherwise ordered, be allowed to consolidate any two or more of the four accounts here prescribed. In such case, the corporation must (before consolidating) file with the Public Service Commission a notice of such consolidation, specifying the accounts to be consolidated. Such notice must be in the form prescribed in the order covering these accounts.

E529a. STORAGE BATTERY LABOR.

Charge to this account the salaries and personal expenses of superintendent, clerks, and batterymen, including inspectors and testers.

E529b. STORAGE BATTERY SUPPLIES.

Charge to this account the cost of acid and distilled water in cells, soda, sponges, brooms, mops, waste, rags, hydrometers, thermometers, automatic cell fillers, rubber hose, gloves, shoes, paint, etc., and brushes for boosters and compensators.

E529c. STORAGE BATTERY RENEWALS.

Charge to this account the cost of renewing worn-out cells, including diaphragms, negative and positive plates, lead in strip, spelter, pails, candles, dry boards, tank bands, sheet lead, glass plates, glass covers hydrogen generators, jumpers, clamps, lampblack, etc.

E529d. REPAIRS OF STORAGE BATTERY ACCESSORIES.

Charge to this account the cost of repairing tanks, battery room floor, switches, regulating apparatus, boosters, and compensators.

IV. DISTRIBUTION EXPENSES.

E531. ELECTRIC DISTRIBUTION SUPERINTENDENCE.

Charge to this account the salaries and personal expenses of superintendents and clerks, and also that portion of the salaries of the engineering staff of the company which is assignable to distribution.

E532a. ELECTRIC DISTRIBUTION MAPS AND RECORDS.

Charge to this account the cost of maps and records of overhead and underground lines, including salaries and personal expenses of mappers and draftsmen, cost of drawing material, etc.

E532b. ELECTRIC DISTRIBUTION OFFICE EXPENSE.

Charge to this account the cost of all other supplies and expenses of the office of the superintendent of the distribution department.

E533. SETTING AND REMOVING METERS AND TRANSFORMERS.

Charge to this account the cost of all supplies consumed and all expenses incurred in connection with the operation of service transformers and consumers' meters. This includes such matters as setting and removing such transformers and meters, connecting and disconnecting services, and the like.

NOTE.—In case it is the policy of the accounting corporation to charge the cost of the first setting of consumers' meters to capital, such charge should be made to account No. E167b, "Electric Meter Installation".

E521b. DISTRIBUTION SUBWAY RENT.

Charge to this account the rents payable accruing for underground conduits used for distribution conductors.

NOTE.—In case the rented subway is used for transmission as well as for distribution, the rent should be apportioned between this account and account No. E521a, "Transmission Subway Rent".

E522b. DISTRIBUTION POLE AND FIXTURE REPAIRS.

Charge to this account the cost of repairing and removing poles, crossarms, and insulator pins; braces, brackets, and other pole fixtures; guys and other supports for holding the poles, towers, and other structures in position; also repairs of towers and other structures maintained primarily for supporting the overhead distribution system.

This account does not include insulators.

NOTE A.—The cost of repairing poles and fixtures that carry both transmission and distribution conductors should be apportioned between this account and account No. E522a, "Transmission Pole and Fixture Repairs".

NOTE B.—The cost of replacement of towers and other structures maintained primarily for supporting the overhead electric construction shall, when the individual costs of the same equal or exceed $100, be treated through the appropriate capital accounts. When the individual cost is less than $100, the replacement may be charged directly to this account.

E523b. DISTRIBUTION UNDERGROUND CONDUIT REPAIRS.

Charge to this account the cost of maintaining subways and underground conduits, including repairs of the tube, of manholes, of paving over such subways and of all ducts and conduits, but not any repairs of conductors or of the insulation thereof.

NOTE.—The cost of maintaining (including patrolling and inspecting) underground conduits and subways which carry both transmission and distribution conductors should be apportioned between this account and account No. E523a, "Transmission Underground Conduit Repairs".

E534a. OVERHEAD DISTRIBUTION SYSTEM REPAIRS.

Charge to this account the cost of patrolling, testing, and repairing the overhead conductors in the distribution system.

E534b. EDISON TUBE SYSTEM REPAIRS.

Charge to this account the cost of inspecting, testing, and repairing the Edison tube system, including junction boxes, tubing and conductors, coupling boxes, etc.

E534c. OTHER UNDERGROUND DISTRIBUTION SYSTEM REPAIRS.

Charge to this account the salaries and expenses of patrolmen, testers, etc., as well as the cost of repairing damaged subway distribution conductors.

E535a. REPAIRS OF ELECTRIC SERVICES.

Charge to this account the cost of repairing underground and overhead services leading from the mains to the consumers' premises.

E535b. REPAIRS OF TRANSFORMERS.

Charge this account the cost of labor and material consumed in maintaining transformers, including renewing oil, re-painting, re-winding, removal and replacing; also repairs of such switches and cut-outs as are the property of the corporation in consumers' premises.

E536a. ELECTRIC METER OPERATION.

Charge to this account the salaries and expenses of superintendents and clerks in the meter bureau, and also that portion of the salaries of the engineering staff of the corporation assignable to this account; also the cost of light, heat, ice, water, and other supplies and expenses in connection with the meter-testing bureau; and the cost of testing meters on consumers' premises or in meter shops.

E536b. ELECTRIC METER REPAIRS.

Charge to this account the cost of repairing meters in the distribution service including new parts, new jewels, cleaning, and painting.

V. UTILIZATION EXPENSES.

541a. COMMERCIAL ARC LABOR.

Charge to this account the cost of labor employed in trimming and inspecting arc lamps on private consumers' premises and in municipal buildings.

541b. COMMERCIAL ARC SUPPLIES.

Charge to this account the cost of all supplies (such as carbons, globes, etc.) for arc lamps on private consumers' premises and in municipal buildings.

542. COMMERCIAL ARC REPAIRS.

Charge to this account the cost of keeping in repair private consumers' arc lamps and those in municipal buildings; including such matters as setting and removing lamps, repairing parts, changing for repairs and adjustment, and testing during adjustment and after repairs.

543a. COMMERCIAL INCANDESCENT INSTALLATION.

Charge to this account the cost of the first installation of incandescent lamps on consumers' premises (including cartage and delivery expenses) unless consumer is charged for the first installation, or unless it is proper to charge such first installation to capital. (See account No. E173, page 16.)

543b. COMMERCIAL INCANDESCENT RENEWALS.

Charge to this account the cost of renewing incandescent lamps on consumers' premises (including cartage and delivery expense) and cost of photometering incandescent lamps. Credit to this account any rebate received for the return of stubs, or allowances relating thereto.

544a. INSPECTION OF CONSUMERS' PREMISES.

Charge to this account the cost of inspection of consumers' premises, including such matters as the charge for municipal certificates, charge for Board of Fire Underwriters' inspection certificates, and that portion of the salaries and expenses of the engineering staff or of other departments than the distribution department engaged in technical work properly assignable to this account.

544b. REPAIRS OF CONSUMERS' INSTALLATIONS.

Charge to this account the cost of all labor and material furnished to consumers for inside work without special charge, including such matters as

attention to complaints or to improving the character of service, replacing or repairing wiring fixtures or electric appliances, moving appliances from place to place in houses and re-connecting the same, etc.

545a. MUNICIPAL STREET ARC LABOR.

Charge to this account the cost of labor employed in trimming and inspecting the arc lamps of the municipal street lighting system.

545b. MUNICIPAL STREET ARC SUPPLIES.

Charge to this account the cost of carbons, globes, etc., for the arc lamps of the municipal street lighting system.

546. MUNICIPAL STREET ARC REPAIRS.

Charge to this account the cost of changing location of lamp posts, changing lamps for repairs and adjustments, renewals, repairs of mast arms, hangers, poles, ropes, etc., and painting poles; also that portion of the arc lamp shop expense assignable thereto.

547a. MUNICIPAL STREET INCANDESCENT INSTALLATION.

Charge to this account the cost of the first installation of incandescent lamps in the municipal street lighting system, unless it is paid by the municipal corporation, or the lamps are of such character that it is proper to charge to capital. (See account No. E173, "Glower Lamps," page 16.)

547b. MUNICIPAL STREET INCANDESCENT RENEWALS.

Charge to this account the cost of renewing incandescent lamps in the municipal street lighting system.

548. MUNICIPAL STREET INCANDESCENT REPAIRS.

Charge to this account the cost of repairing municipal incandescent street lamps and fixtures.

NOTE.—**This does not include items chargeable to maintenance of poles and their fixtures, or of subways, or conductors.**

VI. COMMERCIAL EXPENSES.

E551. COMMERCIAL ADMINISTRATION—ELECTRIC.

Charge to this account the matters prescribed under the following heads:

a. *Commercial Department Indexing*: This covers the cost of indexing meters, including indexers' lamps.

b. *Commercial Department Collecting*: This covers the expense of the collection bureau, including collectors' salaries or commissions, badges, car fares, and delivering bills.

c. *Commercial Department Contracts*: This covers such part of the cost of the contract department as is not assignable to the Promotion Office, including attention to bill questions.

d. *Commercial Department Accounting*: This covers the cost of keeping the accounts of consumers, being a proportion of the salaries and expenses of general officer and assistants in charge of the commercial department, and salaries of bookkeepers and all clerks in the accounting department having to do with consumers' accounts.

e. *Commercial Department Miscellaneous*: This covers all expenses incurred in selling electric power and products, in determining the amount of such sales, in making collections, and in keeping account of such sales

and collections as are not includible in the accounts of the indexing, accounting, collection, and contract divisions, or in the following accounts for promotion expenses.

E552. PROMOTION OFFICE EXPENSE—ELECTRIC.

Charge to this account the matters prescribed under the following heads:

a. *Promotion Management*: This covers the cost of administration of the department maintained for the promotion or development of electric consumption, including that portion of the salaries and expenses of management and clerks in agency and contract departments assignable to new business.

b. *Demonstrations*: This covers the cost of labor and expenses incurred in demonstrating the use of electric lamps and appliances for the purpose of obtaining new business.

c. *Other Promotion Office Expense*: This covers the office expenses of the promotion or new business department.

E553. ADVERTISING—ELECTRIC.

Charge to this account the matters prescribed under the following heads:

a. *Advertising Salaries and Expenses*: This covers the salaries and personal expenses of the advertising manager and clerks.

b. *Advertising Sundries*: This covers the cost of commercial advertising sundries, including booklets, dodgers, newspaper advertisements, posters, bulletins, and all related items.

E554. CANVASSING AND SOLICITING—ELECTRIC.

Charge to this account all expenses incurred in soliciting new business, including wages, commissions, and personal expenses of canvassers, cost of preparing estimates, engineering advice on wiring, etc., and office sundries in connection therewith.

E555. PROMOTION WIRING AND DEVICES.

Charge to this account the matters prescribed under the following heads:

a. *Promotion Wiring*: This covers the cost of wiring in consumers' premises furnished without special charge in order to induce new business.

b. *Promotion Signs and Devices*: This covers the cost of electric signs and other devices (including delivery and connection charges, and expenses in connection therewith) supplied to consumers without special charge in order to develop new business.

VII. GENERAL AND MISCELLANEOUS EXPENSES.

E833. SALARIES AND EXPENSES OF GENERAL OFFICERS.

Charge to this account the salaries and traveling and incidental expenses of the chairman of the board, president, vice-president, treasurer, secretary, comptroller, general auditor, general manager, assistant general manager, chief engineer, general superintendent, purchasing agent, and all other officers whose jurisdiction extends to the entire system and whose services can not be satisfactorily allocated to the several departments.

E834. SALARIES AND EXPENSES OF GENERAL OFFICE CLERKS.

Charge to this account the salaries and traveling and incidental expenses of general office auditors, bookkeepers, cashiers, paymasters, stenographers,

clerks employed in counting cash, and all other clerks employed in the general office.

NOTE.—Cost of labor of clerks in the commercial department shall be charged to account No. E551, "Commercial Administration—Electric". (See page 43.)

E835. GENERAL OFFICE SUPPLIES AND EXPENSES.

Charge to this account the cost of office supplies, repairs of office furniture, and renewals of such furniture as has not been capitalized; wages of janitors, porters, and messengers; rent of rooms in office buildings, repairs of such rented rooms, and all other miscellaneous expenses of general offices. Office expenses of departmental officers must be charged to the proper departmental accounts.

NOTE.—Rents charged to this account will be required to be reported separately.

E836. GENERAL LAW EXPENSES.

Charge to this account all law expenses except those incurred in the defense and settlement of damage claims. This includes salaries and expenses of all counsel, solicitors, and attorneys, their clerks and attendants, and expenses of their offices; cost of law books, printing briefs, legal forms, testimony, reports, etc.; fees and retainers for services of attorneys not regular employees; court costs and payments of special, notarial, and witness fees not provided for elsewhere; expenses connected with taking depositions, and all law and court expenses not provided for elsewhere.

NOTE.—The compensation of the general solicitor or counsel or other attorneys engaged partly in the defense or settlement of damage suits and partly in other legal work, should be properly apportioned between this account and account No. E847b, "Law Expenses Connected with Damages".

E837. MISCELLANEOUS GENERAL EXPENSES.

Charge to this account the cost of telephone service, telegrams, and other miscellaneous expenses (including all expense specially incurred in connection with the utilization and sale of byproducts, such as battery and other chemical waste, etc.) connected with the general management not otherwise provided for.

E838. INSURANCE.

Charge to this account premiums paid to insurance companies for fire, fidelity, boiler, casualty, burglar, and all other insurance; also amounts set aside as an insurance reserve.

NOTE.—In their reports to the Public Service Commission corporations will be required to report the charges made to this account for the various kinds of insurance, and for self-insurance.

E839. RELIEF DEPARTMENT AND PENSIONS.

Charge to this account (a) all salaries and expenses incurred in connection with conducting a relief department; also contributions made to such department. Charge also (b) all pensions paid to retired employees, and expenses in connection therewith.

E840. ELECTRIC FRANCHISE REQUIREMENTS.

Charge to this account the cost of all energy and materials and supplies furnished to municipal corporations in compliance with franchise requirements and for which no payment is received by the corporation; also of all direct expense, such as paving and other like matters, incurred in compliance with such requirements and for which no reimbursement

is received by the corporation. Amounts charged to this account for which there is no direct money outlay shall be credited to the below provided account, No. E853, "Duplicate Electric Charges—Cr." (See page 48.)

E842. GENERAL AMORTIZATION—ELECTRIC.

Charge to this account month by month the amount estimated to be necessary to cover such wear and tear and obsolesence and inadequacy as have accrued during the month in the tangible electric capital of the corporation, such portion of the life of intangible fixed capital as has expired or been consumed during the month, and the amount estimated to be necessary to provide a reserve to cover the cost of property destroyed by extraordinary casualties; less the amounts charged for that month to the various repair accounts in Electric Operating Expenses. The amount charged (or credited) to this account shall be concurrently credited (or charged) to the reserve account No. 374, "Accrued Amortization of Capital." (See page 27.)

NOTE A.—Until otherwise ordered, the "amount estimated to be necessary to cover such wear and tear and obsolescence and inadequacy as have accrued during" any month shall be based on a rule determined by the accounting corporation. Such rule may be derived from a consideration of the said corporation's history and experience during the preceding five years, and the accrual may be on the basis of kilowatt-hours sold. Amortization of intangible capital shall likewise be based on rule. Whatever may be its basis, such rules and a sworn statement of the facts and expert opinions and estimates upon which they are based shall be filed with the Public Service Commission on or before January 1, 1909; each amendment of any such rule and a sworn statement of the facts and expert opinions and estimates upon which such amendment is based shall be filed with the Public Service Commission before it is used by the accounting corporation, and shall show the date when it is to be effective. Such rules and statements shall be filed upon sheets 8½ inches by 11 inches or 9½ inches by 12 inches and shall be entitled "Rule of the (here naming the accounting corporation) concerning Amortization of Capital".

NOTE B.—When any capital is retired from service, the amount (estimated if not known) originally charged to a capital account in respect thereof shall be credited to such capital account, and (except as provided in account No. E100, "Fixed Capital, December 31, 1908,") the original money cost of such capital, less salvage, if any, shall be charged to the reserve account, "Accrued Amortization of Capital," any necessary adjusting entry being made in the proper account under "Corporate Surplus or Deficit". Where capital is substantially continuous and can not be satisfactorily individualized, it shall be kept in efficient operating condition through repair, and the renewals and replacements of parts thereof shall be considered repairs. In the case of buildings, towers, bridges, trestles, and other separate structures capable of being readily individualized, charges to this account must be sufficient to provide (in respect of such capital and except as provided in account No. E100, "Fixed Capital, December 31, 1908,") in the account "Accrued Amortization of Capital" by the time such structures go out of service a reserve equal to the original money cost thereof, less salvage, to which account such original cost, less salvage, shall be charged.

E845. ELECTRIC EXPENSES TRANSFERRED—CR.

Credit to this account the proportion of operating expenses (including depreciation and other amortization as well as repairs) chargeable to other coördinate departments (such as gas or street railroad) within the same corporation, defrayed in the first instance by the electric department.

NOTE.—Do not credit to this account any allowance in the nature of rent or return upon the cost or value of property.

E846. JOINT OPERATING EXPENSE—CR.

When any plant or equipment is maintained or operated by the accounting corporation for the joint benefit of itself and others under an

arrangement for apportioning (on the basis of the relative amounts of benefit to the several participants) the operating expenses, the portion of such expenses chargeable to others under the arrangement shall be credited to this account. The portion so credited must not include any allowance for profit or return upon the value of such property.

NOTE A.—The foregoing should be read in connection with the definition of revenue account No. 425, "Joint Electric Rent Revenue". (See page 33.)

NOTE B.—In the case of the production of power part of which is transferred to another, if the arrangement under which such production occurs does not provide for the apportionment of expenses, the entire amount charged for the portion supplied is to be credited to the appropriate revenue account covering the *sale* of power. (See accounts Nos. 404, 407, 409, 410, and 411, page 32.)

E847a. ACCIDENTS AND DAMAGES.

Charge to this account all expenses (other than law expenses provided for in the succeeding account) on account of persons killed or injured and property damaged in connection with the operation of the plant, as enumerated under the following heads:

a. *Claim Department Expense*: This head includes salaries and expenses of claim agents, investigators, adjusters, and others engaged in the investigation of accidents and adjustment of claims.

b. *Medical Expenses*: This head includes salaries, fees, and expenses of surgeons and doctors; nursing, hospital attendance, medical and surgical supplies; fees and expenses of coroners and undertakers; and contributions to hospitals.

c. *Injuries to Employees*: This head includes amounts paid in settlement of claims of employees for injuries arising in the course of their employment; also wages paid to disabled employees while off duty.

d. *Other Personal Injuries and Property Damage*: This head includes amounts paid in settlement of claims of persons other than employees for personal injuries sustained in connection with the operation of the plant; also amounts paid in settlement of claims for damage to property not owned by the accounting corporation.

e. *Other Accident Expenses.*

NOTE A.—In their annual reports to the Public Service Commission corporations will be required to state separately the charges to this account under the head, (*c*), "Injuries to Employees".

NOTE B.—If it is desired that the charge to operating expenses on account of injuries and damages shall be upon some arbitrary basis, the amount so charged shall be credited to account No. 381, "Casualties and Insurance Reserve," and the actual disbursements above enumerated shall be charged against such reserve account.

E847b. LAW EXPENSES CONNECTED WITH DAMAGES.

Charge to this account all law expenses in connection with the defense or settlement of damage claims, including—

a. *Salaries and Expenses of Attorneys*: A proper proportion of the salary and expenses of the general solicitor or counsel, and salaries, fees, and expenses of attorneys engaged in this work.

b. *Court Costs and Expenses*: Fees of court stenographers, expenses connected with taking depositions, and other court expenses.

c. *Law Printing*: Cost of law books, and cost of printing briefs, court records, and similar papers.

NOTE A.—If it is desired that the charge to operating expenses on account of law expenses in connection with damages shall be upon some arbitrary basis, the amount so charged shall be credited to account No. 381, "Casualties and Insurance Reserve," and the actual disbursements above enumerated shall be charged against such reserve account.

NOTE B.—The compensation of the general solicitor or counsel and other attorneys engaged partly in the defense or settlement of damage suits and partly in other legal work should be properly apportioned between this account and account No. E836, "General Law Expenses".

E848. GENERAL STATIONERY AND PRINTING.

Charge to this account all expenses for stationery and printing, stationery supplies, and postage, except as hereinafter provided:

The cost of printing briefs and other legal papers shall be charged to account No. E836, "General Law Expenses," or No. E847b, "Law Expenses Connected with Damages," in accordance with the purpose of the printing.

The cost of printing signs, posters, and other advertising matter shall be charged to account No. E553, "Advertising—Electric."

The cost of such mechanical calculators, typewriters, duplicating machines, and other office appliances as are not properly capitalized, shall, if for use in general offices, be charged to account No. E835, "General Office Supplies and Expenses;" or if for the use of departmental offices, to the proper departmental accounts.

E850. STORE EXPENSES.

Charge to this account all salaries and expenses in connection with storerooms, including cost of sending material and supplies from general storerooms to branch storerooms, and the collection of scrap material.

E851. STABLE EXPENSES.

Charge to this account the cost of feed, keep, and shoeing of horses, wages of stablemen, hostlers, veterinary expenses, and all other expenses of stabling horses; also the cost of repairing harness and vehicles.

NOTE.—The cost of horses purchased to replace others should be charged to account No. E122, "General Equipment".

E852. UNDISTRIBUTED ADJUSTMENTS—BALANCE.

At least once a year an inventory of materials and supplies shall be taken, and the difference (in respect of any particular class of materials and supplies) between the ledger and inventory balances debited or credited to this account in case it can not be assigned to a specific account. Credit to this account all discounts recovered through the prompt payment of bills for materials and supplies consumed in operation, unless such discounts are applied to the particular bills.

NOTE.—Where materials and supplies have been used in construction as well as in operation, a suitable proportion of the shortages or overages disclosed by the inventory may be debited or credited to account No. E286, "Miscellaneous Construction Expenditures".

E853. DUPLICATE ELECTRIC CHARGES—CR.

Credit to this account all charges made to any accounts in electric operating expenses in respect of any electric power or other product of electric operations of the corporation consumed therein.

17. **Expenses of Outside Operations.**—The detailed expense accounts for other than electric operations will be elsewhere provided for.

18. Tax accounts.—An account shall be kept of the taxes chargeable against each particular class of operations, and one for those chargeable against non-operating revenues. Each tax account shall be appropriately entitled (as *e. g.*, "Taxes Assignable to Electric Operations," "Taxes Assignable to Non-operating Revenues," etc.), and shall be so kept as to show separately the following:

State Franchise Tax on Capital Stock,
State Franchise Tax on Gross Earnings,
Special Franchise Tax,
Taxes on Land (exclusive of improvements),
Taxes on Improvements on Lands,
Taxes on Personal Property,
Other Taxes (showing in detail).

To each tax account there shall be charged monthly the amount of taxes accruing during the month, and such amount shall be concurrently credited to the account "Taxes Accrued" (or to the account "Prepaid Taxes," if such tax is prepaid). The amount of taxes accruing during any month shall, where the levy is unknown, be estimated as nearly as may be, and when the levy is ascertained the matter shall be adjusted during the remainder of the tax year. For example, if at the beginning of a tax year the taxes on a particular class of property are estimated to be $600 for the year, the monthly charge on account of such tax should be $50 until the amount of the levy becomes known. If during, say the fifth month, it is found that the levy for the year is $640, there will already have been charged up four months at $50 per month, leaving $440 to be charged during the remainder of the year, or $55 for the fifth month and each month thereafter during the remainder of the year.

Such taxes as pertain to two or more classes of operations or to non-operating revenues should be apportioned with regard to such operations and non-operating revenues upon an equitable basis, which basis will be required to be reported in the annual report of the corporation to the Public Service Commission.

19. Uncollectible Bills.—For uncollectible electric bills the following account is provided:

E870. UNCOLLECTIBLE ELECTRIC BILLS.

When, after a reasonably diligent effort to collect, any account stated for electric energy sold has proved impracticable of collection, it shall be charged to this account and credited to the account receivable in which theretofore charged.

20. Definitions of Non-operating Revenue accounts.—In the following definitions of accounts the letters and numbers prefixed to the titles are inserted solely for convenience of reference and are no part of the titles or of the definitions:

E901a. RENT ACCRUED FROM LEASE OF ELECTRIC PLANT.

Credit to this account monthly as they accrue all revenues flowing to the corporation from its interests in electric plant or equipment held by others under some form of lease whereby it surrenders possession of such property. This account contemplates that the *taxes* on property so held are *payable by the tenant in possession* and charged by him to the appropriate tax account

If under the contract of lease such taxes are payable by the lessor or its assignee, such taxes shall be charged to this revenue account and not to any of the lessor's tax accounts, nor to any of its expense accounts.

E901d. MISCELLANEOUS RENT REVENUES.

Credit to this account monthly as they accrue all miscellaneous rent revenues flowing to the corporation as a return upon leased property other than electric plant and equipment. Such revenues shall be classified as follows:

Leasehold Revenues: That is to say, all revenues flowing to the corporation from its interests in property held by others under any lease the entire term of which is greater than one year. This contemplates that the *taxes* on property so held are *payable by the tenant in possession* and charged by him to the appropriate tax account. If under the contract of lease such taxes are payable by the lessor or its assignee, such taxes shall be charged to this revenue account and not to any of the lessor's tax accounts, nor to any of its expense accounts.

Other Rent Revenues: That is to say, all revenues flowing to the corporation from its interests in property held by others under any lease or contract for a term not to exceed one year from the beginning of the term, or held at will or upon sufferance. This account contemplates that the *taxes* on property of this character *shall be paid by the landlord* and charged to the appropriate tax account. If under the contract covering the holding for terms of one year or less, or at will, the taxes are to be paid by the tenant, the amount of such taxes shall be credited month by month to this account as they accrue, and shall correspondingly be charged to the tax account covering taxes on property of this character.

Entries in this account must be made in such wise as to show separately the classes above indicated, which will be required to be stated separately in the annual reports to the Public Service Commission.

E902. INTEREST REVENUES.

Credit to this account monthly as it accrues all—

Interest from Bound Investments: That is to say, all interest accruing to the corporation upon such of its interest-bearing free investments (as hereinbefore defined) as are liabilities of solvent concerns and individuals.

Interest from Free Investments: That is to say, all interest accruing to the corporation upon such of its interest-bearing free investments (as hereinbefore defined) as are liabilities of solvent concerns and individuals.

Interest from Other Sources: That is to say, all interest accruing to the corporation upon its interest-bearing current assets, special deposits, and all other assets not provided for under the two foregoing heads, where such interest is a liability, actual or contingent, of solvent concerns and individuals.

Entries in this account must be made in such wise as to show separately the classes above indicated, which will be required to be stated separately in the annual reports to the Public Service Commission.

E903. DIVIDEND REVENUES.

Credit to this account at their cash value and as of the date when collectible, all—

Dividends on Bound Investments: That is to say, all dividends declared by solvent concerns upon stocks held by the corporation among its bound investments.

Dividends on Free Investments: That is to say, all dividends declared by solvent concerns upon stocks held by the corporation among its free investments.

Entries in this account must be made in such wise as to show separately the classes above indicated, which will be required to be stated separately in the annual reports to the Public Service Commission.

E904. PROFITS FROM OPERATIONS OF OTHERS.

Whenever, in accordance with the terms of any contract, the corporation is entitled to participate in the profits resulting from the operations of others, all revenues accruing to the corporation from such source shall be credited to this account.

NOTE.—This account does not include any dividends on stocks. Such dividends should be credited to account No. E903, "Dividend Revenues".

E905. MISCELLANEOUS NON-OPERATING REVENUES.

To this account shall be credited all non-operating revenues accruing to the corporation and not provided for in any of the foregoing accounts.

21. Definition of Non-operating Revenue Deductions account.—To an account entitled "Non-operating Revenue Deductions" shall be charged all matters provided for under the following sub-accounts:

a. RENT EXPENSE: This sub-account includes all matters provided for under the following two heads:

Leasehold Expense: That is to say, all expense arising in connection with the procuring of revenues from leaseholds having terms greater than one year, including the cost of negotiating contracts, advertising for tenants, fees paid conveyancers, collector's commissions, cost of enforcing payment of rent, cost of ousting tenants, etc., and all other expense arising in connection with such leaseholds. This applies only to leases conveying the property out of the possession of the corporation, and it includes the expense accruing while the property is idle and awaiting an occupant. This head includes cost of maintenance of the property when such cost is borne by the corporation. Such maintenance includes depreciation as well as reparable wear and tear. It does not include taxes.

Other Rent Expense: This head is analogous to the preceding head "Leasehold Expense," and differs from that only in that this provides for expense in connection with property let for a term of one year or less.

b. INTEREST EXPENSE: This sub-account includes all expense arising in connection with procuring interest upon investments, such as expense of collection, expense of investigating delay in payment, expense of enforcing payment, and the like. It does not include taxes on such investments.

c. DIVIDEND EXPENSE: This sub-account includes all expense arising in connection with the collection of dividends on stocks of other corporations; also all expense incurred in the investigation of the affairs of the corporations whose stocks are held, whether for the purpose of detecting mismanagement or for the purpose of inducing the declaration of dividends, and all expense connected with enforcing payment of dividends when declared. It does not include taxes on such investments.

d. OTHERS' OPERATIONS EXPENSE: This sub-account includes the cost of negotiating contracts whereunder the corporation is to participate in profits

resulting from the operations of others; also all expense of collecting the corporation's proportion of such profits, and all expense connected with procuring the modification or the dissolution of any such contract.

e. MISCELLANEOUS NON-OPERATING EXPENSE: This sub-account includes all non-operating expense (as hereinbefore defined) which is not provided for in the foregoing sub-accounts.

f. NON-OPERATING TAXES: This sub-account includes all taxes accruing upon non-operating property and all assignable to non-operating revenues.

g. UNCOLLECTIBLE NON-OPERATING REVENUES: When any non-operating revenues are judged by the corporation to be uncollectible, the amount thereof shall be credited to the account in which theretofore charged, and charged to the account "Non-operating Revenue Deductions" under the head of "Uncollectible Non-operating Revenues."

NOTE.—In annual reports of corporations to the Public Service Commission this account will be required to be fully analyzed.

22. Income Deductions.—The sum total of the credit balances in the revenue accounts for any particular operation at the close of a fiscal period gives the gross revenue from that operation for that period. This gross revenue diminished by the operating expenses, the taxes, and the uncollectible bills assignable to such operation for the period, gives the income from that operation for the period. Similarly for the non-operating revenues, the non-operating expenses, and the non-operating taxes.

The aggregate of the incomes from the several operations and the non-operating income is the gross income applicable to corporate and leased properties. As has before been said, the gross income is, in the usual case, subject to various compulsory deductions, and these are hereinafter called *Income Deductions.*

23. Definitions of Income Deductions accounts.—In the following definitions the letters and numbers prefixed to the titles of the several accounts are inserted solely for convenience of refernce and are no part of the titles or of the definitions:

921. INTEREST DEDUCTIONS.

Charge to this account monthly (or as otherwise below directed) all matters provided for under the following five heads:

Absolute Interest Accrued on Funded Debt: This head includes all interest accruing absolutely on the outstanding funded debt of the corporation.

Contingent Interest Accrued on Funded Debt: This head includes when the contingency occurs all interest accruing contingently on the outstanding funded debt of the corporation. This includes such matters as interest on income bonds.

Interest Accrued on Receiver's Certificates: This head includes all interest accruing on receiver's certificates which are liens upon the property of the corporation or any part of it.

Interest Accrued on Other Unfunded Debt: This head includes all interest accruing on all unfunded debt of the corporation except receiver's certificates.

Interest Accrued on Debenture Stocks: This head includes all interest accruing on the outstanding debenture stocks of the corporation.

Entries in the account "Interest Deductions" must be made in such wise as to show separately the classes above indicated, which will be required to be stated separately in the annual reports to the Public Service Commission.

922a. RENT FOR LEASE OF OTHER ELECTRIC PLANT.

Charge to this account monthly all amounts accrued against the accounting corporation for rent of electric plant and equipment which it holds under some form of lease from another company or corporation and of which it has the exclusive possession. Taxes accrued on such plant and equipment shall not be charged to this account but to the appropriate Taxes account. If such taxes are (under the contract of lease) payable by the lessor or reversioner, they shall be credited to this account and charged to the appropriate Taxes account. Such taxes, when paid by the lessor or reversioner, shall be charged to its rent revenue account and not to its Taxes account, to the end that taxes upon such plant and equipment shall be reported by the corporation in possession.

922. OTHER RENT DEDUCTIONS.

Charge to his account the matters provided for in the following sub-accounts:

f. JOINT FACILITY RENTS: Where any plant or equipment is maintained or operated by another corporation for the joint benefit of the accounting corporation and others under a joint arrangement for sharing the expense (on the basis of the relative amounts of benefit to the several participants), if such joint arrangement provides for including in the charge against the accounting corporation any pure rent, profit, or return upon such plant or equipment over and above depreciation and other expense of maintenance and operation, such pure rent, or profit, or return upon property shall be charged to this sub-account.

NOTE.—This should be read in connection with revenue account No. 425, "Joint Electric Rent Revenue". (See page 33.)

g. MISCELLANEOUS RENT DEDUCTIONS: This sub-account includes all miscellaneous rents payable not elsewhere provided for.

NOTE A.—Rents for furnished offices (and for office rooms in office buildings heated and lighted by the landlord) should not be charged to this account, but to the appropriate expense account.

NOTE B.—Entries in this account must be made in such wise as to permit an analysis in the annual report of the corporation in accordance with the sub-accounts above defined.

923. SINKING FUND ACCRUALS.

Charge to this account month by month all accruals required to be made to sinking funds in accordance with the provisions of mortgages or other contracts requiring the establishment of sinking funds. All accruals to sinking or other funds created voluntarily by the corporation and not in pursuance of the provisions of any mortgage or other contract or of the requirements of law shall be excluded herefrom.

924. GUARANTIES OF PERIODIC PAYMENTS.

Charge to this account all unsecured accruals of obligations arising under contracts whereby the corporation has guaranteed the *annual or more frequent periodic* payment of money or performance of other obligation on the part of another corporation or person, and because of the default of such other corporation or person the liability of the present corporation has become actual. This account does not include such matters as guaranties of payment of *principal* of funded debt and other similar things relating to a series of years, nor does it include any guaranties for which the corporation

has protected itself through taking ample security. If insufficient security has been taken in respect of such annual or more frequent payments, the *unsecured portion* thereof shall be charged to this account.

925. LOSS ON OPERATIONS OF OTHERS.

Whenever in accordance with the terms of any contract the corporation is bound to contribute toward reimbursement of the losses resulting from the operations of others, all liabilities accruing to the corporation from such source shall be charged to this account.

926. OTHER CONTRACTUAL DEDUCTIONS FROM INCOME.

Charge to this account month by month all contractual liabilities arising from annual or other more frequent periodic matters and not includible in any of the foregoing accounts. This account includes only deductions from income and not any liabilities arising in exchange for goods or other things purchased.

927. AMORTIZATION OF LANDED CAPITAL.

Charge to this account at the close of any fiscal period such portion of the original money cost (estimated if not known) of landed capital as is necessary to cover the proportion of the life thereof expired during such period.

NOTE A.—The amounts charged to this account shall be concurrently credited to account No. 374, "Accrued Amortization of Capital". (See page 27.)

NOTE B.—When any landed capital expires or is otherwise retired from service (as *e. g.*, through sale), the capital account or other indicant account (if any) originally charged therewith shall be credited with the amount originally charged, the account "Accrued Amortization of Capital" shall be debited with all amounts theretofore credited to such account in respect of such landed capital so going out of service, the appropriate account shall be debited with the proceeds of sale (if any), and any necessary adjustment shall be made through the "Corporate Surplus or Deficit" account.

928. AMORTIZATION OF DEBT DISCOUNT AND EXPENSE.

Charge to this account at or before the close of any fiscal period that proportion of the unamortized discount and debt expense on outstanding debt which is applicable to the period. This proportion shall be determined according to a rule, the uniform application of which during the interval between the issue and the maturity of any debt will completely amortize or wipe out the discount at which such debt was issued and the debt expense connected therewith. Such amortization may at the option of the corporation be earlier effected by charging all or any portion of such discount and debt expense to account No. 939, "Other Deductions from Surplus," immediately upon issue of the debt or thereafter.

929. AMORTIZATION OF PREMIUM ON DEBT—CR.

Credit to this account at or after the close of any fiscal period the proportion of the premium at which outstanding debt was issued which is applicable to the period. This proportion shall be determined according to a rule, the uniform application of which during the interval between the issue and the maturity of any debt will completely amortize or wipe out the premium at which such debt was issued. Such amortization may at the option of the corporation be effected by crediting all or any portion of such premium to account No. 931b, "Other Additions to Surplus," only upon the maturity of the debt.

24. Appropriations.—The balance resulting from closing the foregoing Income Deduction accounts for any fiscal period into Gross Income for that period gives the Net Corporate Income for the period. The net corporate income being of the same nature as the corporate surplus shall be closed into the "Corporate Surplus or Deficit" account. The group of accounts which show for any fiscal period the changes in the "Corporate Surplus or Deficit" account are designated the "Appropriation" accounts, for the reason that substantially all of them are subject only to the discretion of the corporation. At the end of each fiscal period each of the "Appropriation" accounts shall be closed into the "Corporate Surplus or Deficit" account.

25. Definitions of Appropriation accounts.—In the following definitions of the Appropriation accounts the letters and numbers prefixed to the titles of the accounts are inserted solely for convenience of reference and are no part of the titles or of the definitions:

931a. BAD DEBTS COLLECTED.

When any debt theretofore written off as a bad debt is collected, the amount of the collection shall be credited to this account. Expense involved in such collection shall be charged to this account.

931b. OTHER ADDITIONS TO SURPLUS.

Credit to this account all additions to surplus because of erroneous accounting in prior fiscal periods, and all other additions to surplus not elsewhere provided for.

NOTE.—A complete analysis of this account will be required in annual reports of corporations to the Public Service Commission.

932. EXPENSES ELSEWHERE UNPROVIDED FOR.

Charge to this account all expenses not chargeable as a part of operating expenses or of non-operating expenses, such as fines levied on the corporation for violation of law, for misfeasance, for non-feasance, etc., fines levied on directors, officers, and other employees and assumed by the corporation, donations to funds, to churches and other associations, and other like expenses and outgoes.

933. DIVIDENDS ON OUTSTANDING STOCKS.

When any dividend is declared upon any outstanding stocks of the corporation, the amount of such dividend shall thereupon be charged to this account. All entries to this account shall show the amount of stock upon which the dividend is declared, the class of such stock, and the rate of the dividend as well as the amount thereof; and if the dividend is payable in any other thing than money, such thing shall be described in the entry with sufficient particularity to identify it, and the actual money value thereof shall be stated as the amount of the dividend.

When any dividend is declared upon the stocks of the corporation held in its treasury, the amount of such dividend thereon shall be credited to this account. Entries of credits to this account shall be made with the same degree of particularity as is prescribed in the preceding paragraph.

934. AMORTIZATION ELSEWHERE UNPROVIDED FOR.

Charge to this account such amortization as is not elsewhere provided for, This account provides for all optional amortization, such as that of discount on stocks outstanding, abandoned property, etc.

935. APPROPRIATIONS TO RESERVES.

Charge to this account all optional appropriations to reserves.

936. GIFTS TO CONTROLLED CORPORATIONS.

Charge to this account all gifts made by the corporation to its controlled corporations, also such portions of all advances thereto as are not carried as assets.

937. OTHER APPROPRIATIONS.

Charge to this account all optional appropriations made by the corporation and not elsewhere provided for.

NOTE.—A complete analysis of this account will be required in annual reports of corporations to the Public Service Commission.

938. BAD DEBTS WRITTEN OFF.

Charge to this account the amount by which debts are written off from the accounts of the corporation when they become stale and are placed in the "bad debt" class.

NOTE.—Such "uncollectible bills" as have been provided for in the heretofore defined "Uncollectible Bills" accounts must not be included in this account.

939. OTHER DEDUCTIONS FROM SURPLUS.

Charge to this account all deductions from surplus because of erroneous accounting in prior fiscal periods, and all other deductions from surplus not elsewhere provided for.

NOTE.—A complete analysis of this account will be required in annual reports of corporations to the Public Service Commission.

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At a Meeting of the PUBLIC SERVICE COMMISSION for the First District, duly held at its office, No. 154 Nassau St., Borough of Manhattan, City and State of New York, on the 18th day of December, 1908.

PRESENT:

WILLIAM R. WILLCOX, Chairman.
WILLIAM MCCARROLL,
EDWARD M. BASSETT,
MILO R. MALTBIE,
JOHN E. EUSTIS,
} *Commissioners.*

In the Matter
of
A uniform system of accounts for ELECTRICAL CORPORATIONS within the jurisdiction of the Commission.

Case No. 577.
Order Modifying the Final Order.

An order having been passed by the Public Service Commission for the First District, December 8, 1908, prescribing a uniform system of accounts to be kept by electrical corporations subject to the jurisdiction of the Commission, it is hereby

ORDERED:

(1) That the uniform system of accounts prescribed for electrical corporations by order of December 8, 1908, be, and the same is hereby modified, in accordance with the schedule of operating expense accounts hereto appended, for the use of corporations that derive from electrical operations, as defined in said order, annual revenues not in excess of $500,000.00, which corporations are hereby designated Small Companies.

(2) That all the provisions contained in the said order of December 8, 1908, and all rules prescribed by that order for the keeping and recording of accounts shall apply to Small Companies as hereinbefore defined, excepting only that Small Companies are by virtue of this order authorized to reduce the number of primary accounts kept by them.

(3) That the terms of the order of December 8, 1908, relative to the subdivision of primary accounts, or to the keeping of temporary, experimental or divisional accounts, shall apply to Small Companies that elect to use this condensed classification of operating expenses, provided, however, that any permanent subdivision of a primary

account shall conform to the primary accounts or groups of such accounts prescribed in said order.

(4) That Small Companies that elect to use the condensed classification shall file with the Public Service Commission for the First District on or before January 1, 1909, notice of their election so to do.

(5) This order shall take effect at once and shall continue in force until abrogated or modified by the Commission.

(6) All companies that elect to use the condensed classification herein shall notify the Public Service Commission for the First District on or before January 1, 1909, whether the terms of this order are accepted and will be obeyed.

CONDENSED CLASSIFICATION OF OPERATING EXPENSE ACCOUNTS

I. Production Expenses

(E501) Power Plant Labor; to include—
- (a) Station Superintendence and Care
- (b) Boiler Labor
- (c) Producer Labor
- (d) Engine Labor
- (e) Electric Labor

(E502) Fuel for Power; to include—
- (a) Fuel for Steam
- (b) Fuel for Producer Gas

(E503) Water for Power; to include—
- (a) Water for Steam Power and Gas
- (b) Water for Hydraulic Power

(E504) Lubricants for Power

(E505) Station Supplies and Expenses; to include—
- (a) Production Supplies
- (b) Station Expense

(E507) Repairs of Power Plant Buildings

(E508) Repairs of Boilers and Accessories; to include—
- (a) Repairs of Furnaces and Boilers
- (b) Repairs of Boiler Apparatus
- (c) Repairs of Steam Accessories

(E509) Repairs of Steam Engines; to include—
- (a) Repairs of Reciprocating Engines
- (b) Repairs of Steam Turbines
- (c) Repairs of Other Steam Engine Equipment

(E510) Repairs of Hydraulic Structures and Equipment; to include—
- (a) Repairs of Dams, Canals and Pipe Lines
- (b) Repairs of Turbines and Water Wheels

(E511) Repairs of Gas Power Equipment; to include—
- (a) Repairs of Gas Producers and Accessories
- (b) Repairs of Gas Engines

(E512) Repairs of Power Plant Electric Equipment; to include—
  (a) Repairs of Electric Generators
  (b) Repairs of Accessory Electric Equipment
(E513) Miscellaneous Station Repairs; to include—
  (a) Repairs of Station Tools and Implements
  (b) Repairs of Miscellaneous Station Equipment
(E514) Steam from Other Sources
(E515) Power Gas from Other Sources
(E516) Electric Energy from Other Sources

II. TRANSMISSION EXPENSES

(E521) Maintenance of Transmission Lines; to include—
  (E521a) Transmission Subway Rent
  (E522a) Transmission Pole and Fixture Repairs
  (E523a) Transmission Underground Conduit Repairs
  (E524a) Overhead Transmission System Repairs
  (E524b) Underground Transmission System Repairs
(E525) Substation Labor
(E526) Substation Supplies and Expenses
(E527) Repairs of Substation Buildings
(E528) Repairs of Substation Equipment

III. ELECTRIC STORAGE EXPENSES

(E529) Electric Storage; to include—
  (a) Storage Battery Labor
  (b) Storage Battery Supplies
  (c) Storage Battery Renewals
  (d) Repairs of Storage Battery Accessories

IV. DISTRIBUTION EXPENSES

(E531) Electric Distribution Superintendence
(E532) Electric Distribution Records and Office Expense; to include—
  (a) Electric Distribution Maps and Records
  (b) Electric Distribution Office Expense
(E533) Setting and Removing Meters and Transformers
(E521b) Distribution Subway Rent
(E522b) Distribution Pole and Fixture Repairs
(E523b) Distribution Underground Conduit Repairs
(E534) Distribution System Repairs; to include—
  (a) Overhead Distribution System Repairs
  (b) Edison Tube System Repairs
  (c) Other Underground Distribution System Repairs
(E535a) Repairs of Electric Services
(E535b) Repairs of Transformers
(E536) Electric Meter Expense; to include—
  (a) Electric Meter Operation
  (b) Electric Meter Repairs

V. UTILIZATION EXPENSES

(541) Commercial Arc Operation; to include—
  (a) Commercial Arc Labor
  (b) Commercial Arc Supplies
(542) Commercial Arc Repairs
(543) Commercial Incandescent Operation; to include—
  (a) Commercial Incandescent Installation
  (b) Commercial Incandescent Renewals
(544) Consumers' Installation Expense; to include—
  (a) Inspection of Consumers' Premises
  (b) Repairs of Consumers' Installations
(545) Municipal Street Arc Operation; to include—
  (a) Municipal Street Arc Labor
  (b) Municipal Street Arc Supplies
(546) Municipal Street Arc Repairs
(547) Municipal Street Incandescent Operation; to include—
  (a) Municipal Street Incandescent Installation
  (b) Municipal Street Incandescent Renewals
(548) Municipal Street Incandescent Repairs

VI. COMMERCIAL EXPENSES

(E551) Commercial Administration—Electric
(E552) Promotion Office Expense—Electric
(E553) Advertising—Electric
(E554) Canvassing and Soliciting—Electric
(E555) Promotion Wiring and Devices

VII. GENERAL AND MISCELLANEOUS EXPENSES

(E833) Salaries and Expenses of General Officers
(E834) Salaries and Expenses of General Office Clerks
(E835) General Office Supplies and Expenses
(E836) General Law Expenses
(E837) Miscellaneous General Expenses
(E838) Insurance
(E839) Relief Department and Pensions
(E840) Electric Franchise Requirements
(E842) General Amortization—Electric
(E845) Electric Expenses Transferred—Cr.
(E846) Joint Operating Expense—Cr.
(E847) Injuries and Damages; to include—
  (a) Accidents and Damages
  (b) Law Expenses Connected with Damages
(E848) General Stationery and Printing
(E850) Store Expenses
(E851) Stable Expenses
(E852) Undistributed Adjustments—Balance
(E853) Duplicate Electric Charges—Cr.

At a Meeting of the PUBLIC SERVICE COMMISSION for the First District, duly held at its office, No. 154 Nassau Street, Borough of Manhattan, City and State of New York, on the 24th day of June, 1910.

PRESENT:
WILLIAM R. WILLCOX, *Chairman,*
WILLIAM MCCARROLL,
EDWARD M. BASSETT,
MILO R. MALTBIE,
JOHN E. EUSTIS,
Commissioners.

In the Matter
of
A uniform system of accounts for ELECTRICAL CORPORATIONS within the jurisdiction of the Commission.

Case No. 577, Second Order Modifying the Final Order.

An Order having been made by the Public Service Commission for the First District, December 8, 1908, prescribing a uniform system of accounts to be kept by electrical corporations subject to the jurisdiction of the Commission, and an Order having been made December 18, 1908, modifying the Order of December 8, 1908, it is hereby

ORDERED, That the accounts entitled "Transmission Subway Rent" and "Distribution Subway Rent" shall be classified as Income Deductions instead of Operating Expenses.

ORDERED, That this Order shall take effect January 1, 1911.

ORDERED, That the Secretary serve a certified copy of this Order upon each electrical corporation on or before June 30, 1910.

Acting Secretary.

At a Stated Meeting of the PUBLIC SERVICE COMMISSION for the First District, duly held at its office, No. 154 Nassau Street, in the Borough of Manhattan, City and State of New York, on the 23d day of June, 1911.

PRESENT:

WILLIAM MCCARROLL, *Acting Chairman,*
MILO R. MALTBIE,
JOHN E. EUSTIS,
J. SERGEANT CRAM, } *Commissioners.*

In the Matter
of
A uniform system of accounts for ELECTRICAL CORPORATIONS within the jurisdiction of the Commission.

Case No. 577
Third Order Modifying Order of December 8, 1908, as amended.

An order having been duly made by the Public Service Commission for the First District on December 8, 1908, prescribing a uniform system of accounts to be kept by electrical corporations subject to the jurisdiction of the Commission, and orders having been duly made on December 8, 1908, and on June 24, 1910, modifying the said order of December 8, 1908,

ORDERED, That two additional primary accounts to be entitled "Joint Transmission Expense, Dr.," and "Joint Distribution Expense, Dr.," be provided in the classification of operating expenses under the general divisions Transmission Expenses and Distribution Expenses respectively, the said additional accounts being defined as follows:

(*521 a*) *Joint Transmission Expense, Dr.*

When any transmission wires or cables or any poles or conduit carrying the same are maintained by another person or company for the joint benefit of the accounting corporation and others under an arrangement for apportioning (upon the basis of the relative amounts of benefit to the several participants), the expense of maintenance and operation, the portion of such expense to be met by the accounting corporation shall be charged to this account. The portion so charged may include provision for depreciation of such structure or facilities as well as current outlay for repair, but must not include any allowance for profit or return upon such property.

NOTE.—The allowance for profit should be charged to the sub-account "Joint Facility Rents" under (No. 922) "Other Rent Deductions." Where no arrangement exists for the sharing of the expense of maintaining a joint

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facility, the entire payment is chargeable to the sub-account "Transmission Subway Rent," or the sub-account "Miscellaneous Rent Deductions" under "Other Rent Deductions," according to the kind of facility.

(*521 b*) *Joint Distribution Expense, Dr.*

When any distribution structure or facilities are maintained by another person or company for the joint benefit of the accounting corporation and others under an arrangement for apportioning (upon the basis of the relative amounts of benefit to the several participants) the expense of maintenance and operation, the portion of such expense to be met by the accounting corporation shall be charged to this account. The portion so charged may include provision for depreciation of such structure or facilities as well as current outlay for repair, but must not include any allowance for profit or return upon such property.

NOTE.—The allowance for profit should be charged to the sub-account "Joint Facility Rents" under (No. 922), "Other Rent Deductions." Where no arrangement exists for the sharing of the expense of maintaining a joint facility, the entire payment is chargeable to the sub-account "Distribution Subway Rent" or the sub-account "Miscellaneous Rent Deductions" under "Other Rent Deductions," according to the kind of facility.

FURTHER ORDERED, that this order shall take effect January 1, 1912.

FURTHER ORDERED, that the Secretary serve a certified copy of this order upon each electrical corporation on or before June 26, 1911.